The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

B.A.T. and K.M.A. Provide First Test in North's Fiscal Autonomy

ARTICLES IN THIS ISSUE

American Journalists and Their Work in China
B.A.T. and Kailan Provide First Test Case in North
Kawagoe Told to "Cooperate" with British—Japan to Concentrate in North—Kita Interview
Kwangtung Refuses to Suppress Anti-Japanese Activities; Nanking and Canton Talk Peace
Sir Frederick Leith-Ross and the Japanese Mutually Wait for "Concrete" Proposals
The Japanese Hand in the Drive from the Southwest *(By the Review's Hankow Correspondent)*
Will the German-Manchukuo Pact Affect German Exports to North China? *(By the Review's Harbin Correspondent)*
Issues Underlying Canton-Nanking Crisis Imperil Nation's Future *(By the Review's South China Correspondent)*
The Real Issue Behind the Nanking-Southwest Rift . . . . . By C. Y. Hsieh
Manchuria No Paradise for Chinese—A Warning from Manchukuo . . . . . By C. Y. W. Meng
Flood Prevention in Hupeh . . . . . By S. Y. Chi
Another Tragedy Is Being Enacted in China . By T. S. Young

SATURDAY, JUNE 20, 1936 VOLUME 77, NUMBER 3

FORTY CENTS A COPY

77-083

THE

CENTRAL BANK OF CHINA

A BANK OF BANKS

Paid-up Capital - - - - - - - - - $100,000,000.00

FUNCTIONS:—

To Underwrite Domestic and Foreign Loans

To Keep Custody of Legal Reserves of Other Banks

To Act as Clearing House for Banks

To Rediscount National Government Bonds, Domestic Banks' Acceptances, Commercial Papers, etc.

To Exercise Currency Control throughout the Country.

BRANCHES—All Important Centers of the Country.

CORRESPONDENTS—All Principal Ports of Foreign Lands.

H. H. Kung,
Governor.

Chang Kia-ngau,
Deputy Governor.

Jian H. Chen,
Deputy Governor.

15 THE BUND, SHANGHAI.

TELEPHONE: 12570 **CABLES: GOVERNBANK**

77-084

For a fearless survey of China's foreign relations, Chinese politics, current affairs, economic development and subjects of topical interest, as well as sections devoted to light humor and satirical comment on current events.

READ

THE CHINESE REPUBLIC

On sale at leading newsstands in Shanghai for 20 cents. Subscriptions may be obtained at $7 per year.

Address inquiries to

Business Department,

THE CHINESE REPUBLIC,

150 Kiukiang Road or P. O. Box 2067,

Shanghai.

CUSTOMS NOTIFICATION NO. 1518

The public is hereby notified that, in accordance with Government instructions, the offences of receiving or intentionally purchasing smuggled goods are to be punished as offences of receiving stolen property under the provisions of Article 349 of the Criminal Code, which reads as follows:—

(1) Whoever receives stolen property shall be punished with imprisonment for not more than three years or detention, or a fine of not more than $500.

(2) Whoever transports, accepts in deposit, purchases, or assists in disposing of such property shall be punished with imprisonment for not more than five years or detention, or in lieu of or in addition to which a fine of not more than $1,000 may be imposed.

(3) Anything obtained from the conversion of stolen property shall be deemed to be stolen property.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th June, 1936.

Latest New York Stock Exchange Quotations

June 17, 1936

Stock Exchange— Business Done:-

Tatal Volume: 1,110,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale June 15	Last Sale June 16
13⅞	9⅝	0.10	Adams Express	11⅛	11½
134½	115¼	4.00	American Can	130	130⅝
40¾	29¼	0.60	Amer. Cyanamid "B"	34¼	33⅞
9¾	6½	—	American & For. Power	7½	7⅞
43	29¾	—	American & Foreign Pwr. $7 pfd.	33⅞	35¼
27⅜	18¾	—	American Radiator	21⅜	21⅜
178	149½	9.00	American Tel. & Tel.	168⅝	169¼
104	88½	5.00	American Tobacco "B"	97	97¾
25¼	19⅛	—	American Waterworks	23⅝	24⅜
39¾	28	0.25	Anaconda Copper	34	34¾
86⅝	59	2.00	Atchison, T. & S. Fe	73	75⅛
54¼	27	—	Auburn	31	30
24¼	15⅞	—	Baltimore & Ohio	18¼	18¾
63¾	45¾	—	Bethlehem Steel	53½	55
26½	16⅞	—	Boeing Airplane Co.,	23¼	22⅞
16	10⅞	—	Canadian Pacific Railway	12½	12½
175	92½	—	Case, J. I.	174	183⅜
47⅞	20¼	1.40	Chase National Bank	41¼	41¾
74½	59	3.00	Chesapeake Corp.	68½	68¼
61	51	2.80	Chesapeake & Ohio	58	5 ½
103⅞	85½	4.00	Chrysler	96¼	98⅛
21⅝	14	6.00	Columbia Gas & Electric	20⅛	20¾
24⅝	16	2.00	Coml. Solvents	16	16
5½	2¼	—	Commonwealth & Southern (ord.)	3¼	3⅜
38⅝	27¼	1.00	Consolinated Edison	36½	37¼
15¼	11⅛	0.25	Consolidated Oil	12¼	12⅜
38⅛	28⅛	.87½	Continental Oil	28¾	29
1	68⅛	3.00	Corn Products	80¾	81
75¾	50⅝	0.75	Douglas Aircraft	58	57
153	133	3.60	Du Pont de Nemours	147⅜	149¾
25½	15⅜	—	Electric Bond & Share	20¾	22
41⅞	34½	1.00	General Electric	38¾	39⅛
41⅝	33¼	1.80	General Foods	41⅞	42⅛
71	53⅞	2.00	General Motors	64⅝	65½
50	32½	1.00	General Railway Signal	37½	37
21⅜	15⅝	1.20	Gold Dust	16⅜	15⅞
31⅞	21⅜	—	Goodyear Tire & Rubber	25¼	26⅛
76½	57¼	1.00	Humble Oil	59½	58⅛
54¼	43¼	1.00	Internation Nickel	47¾	48¼
19¼	12	—	International Tel. & Tel.	13½	13⅞
41⅝	28¼	1.00	Kennecott	38⅞	39⅜
54⅞	43	2.00	Loew's Inc.	45	45
26½	21⅛	1.20	Lorillard	22⅞	22¾
103	80⅜	1.00	Monsanto Ch mical	91½	91¼
45½	35¾	0.20	Montgomery Ward	44¾	45¼
41⅞	31	1.00	National City Bank	35⅛	35½
25¼	21	1.20	National Dairy Prods.	25	25
33⅜	26¼	2.00	National Distillers	26⅝	26¾
14⅞	9¾	0.60	National Power Lt.	10¾	11½
42¼	27¾	0.10	New York Central	35⅝	36½
32¼	23⅞	1.00	North American	29½	30
39⅝	30¾	1.50	Pacific Gas & Electric	38	39⅛
56⅞	47⅝	2.40	Pacific Lighting	52¾	51⅞
13	6⅞	0.10	Packard Motors	10⅜	10⅜
39	28¼	1.00	Pennsylvania Railroad	31	32
49¾	38⅛	1.00	Phillips Petroleum	39¾	40¼
48¾	39	2.40	Public Serv. of N. J.	45⅞	46
14¼	9¾	—	Radio Corporation of Amer.	12¾	12½
58⅝	50	3.00	Reynolds Tobacco "B"	56	56¼
52	38⅜	—	Schenley	39½	39½
76	59⅝	2.00	Sears Roebuck	74⅜	74
17	12½	0.40	Socony-Vacuum	12⅝	12⅞
28¾	25	1.50	Southern California Edison	28	29
38⅞	23½	—	Southern Pacific	33¼	34½
18	14⅝	0.80	Standard Brands	15⅝	15½
9⅞	5½	—	Standard Gas & Electric	6⅞	7⅛
70	51⅛	1.00	Standard Oil Co. of N. J.	58½	58⅝
71⅝	65	3.80	Sterling Products	69½	70
38⅝	33	2.00	Texas Gulf Sulphur	35⅞	36¼
14⅝	11	0.30	Transamerica	13⅞	13⅞
89	71⅝	2.00	Union Caride & Carbon	89	89
138¼	108½	6.00	Union Pacific	127½	128
32⅜	20⅝	—	United Aircraft (New)	24¼	24
21	13	—	United Airline Trans.	16⅜	17⅜
9¼	5⅜	—	United Corporation	7⅛	7⅜
19½	14⅞	1.00	United Gas Improvement	15¾	16⅛
59	36⅞	2.00	U.S. Indus. Alcohol	34⅝	34⅞
35	16⅝	—	U. S Rubber	28⅝	29¾
72⅜	46⅜	—	U. S. Steel	62½	4½
27¼	16¼	—	Vanadium	19¼	19¾
14⅝	9¼	—	Warner Bros. Pictures	9⅜	9⅞
122⅞	94½	1.75	Westinghouse Electric	114⅞	116⅞

Call Money: 1 %

SWAN, CULBERTSON & FRITZ

SWAN, CULBERTSON & FRITZ

Investment Bankers

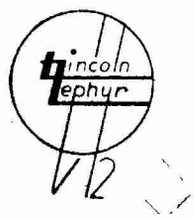
and Brokers in Securities and Commodities

Daily New York and London Stock Exchange Service

Sassoon House **Telephone 11200**

"IF the people who use our cars every day are not praising them, it matters little what we may say. The last word must be spoken by the car itself, and the owner who tells his next-door neighbour how his car behaves in actual service is the only effective advertiser."

Henry Ford



中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

77-086

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 77 | Shanghai, China, Saturday, June 20, 1936 | Number 3

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; TRYPHON V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

Contents

Editorial Paragraphs

B.A.T. and Kailan Provide First Test Case in North 75
American Journalists and Their Works in China 76
Kawagoe Told to "Cooperate" with Britain—Japan to Concentrate in North—Kita Interview 78
Issues Underlying Canton-Nanking Crisis Imperil Nation's Future..... 80
Sir Frederick Leith-Ross and the Japanese Mutually Wait for "Concrete" Proposals..... 82

Special Articles

Kwangtung Refuses to Suppress Anti-Japanese Activities; Nanking and Canton Talk Peace... 85
The Real Issue Behind the Nanking-Southwest Rift..... By C. Y. Hsieh 88
Manchuria No Paradise for Chinese—A Warning from Manchukuo ..... By C. Y. W. Meng 89
Will the German-Manchukuo Pact Affect German Exports to North China?..... 90
Another Tragedy Is Being Enacted in China... ..... By T. S. Young 92
The Japanese Hand in the Drive from the Southwest 94
Flood Prevention in Hupeh .....By S. Y. Chi 98
Who's Who in China..... 107
Men and Events..... 108
New Books of Interest in the Far East 110

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

B.A.T. AND KAILAN PROVIDE FIRST TEST CASE IN NORTH

DOUBLE taxation is an issue that is just coming to the forefront in North China and is likely to produce further serious clashes between foreign interests and the Japanese dominated Hopei-Chahar Council.

The most important case of double taxation which has yet come to light concerns the Yee Tsoong Tobacco Distributors, Ltd., subsidiary of the British-American Tobacco Company, which has been ordered by the Hopei-Chahar Political Council to pay its consolidated tax direct to the Council, effective immediately, although the company has already paid its taxes in advance, in the form of a loan, directly to the Nanking Government.

The company was not allowed to move a single case of cigarettes out of its warehouses until the Council's tax requirements have been fulfilled. Machinery in the factory cannot move a wheel and, as a result, some 2,000 workers have been thrown out of employment. Cigarette dealers have staged a demonstration against the order, but the deadlock continues.

The Council has required that the special tax stamps be affixed to every package of cigarettes, but the Council has not even had the stamps printed yet. All the Chinese companies which receive their stock from Shanghai or Tsingtao are similarly affected. When it was pointed out that even if the companies wanted to buy the local stamps, they could not for they are not available, the Council offered to allow the companies to produce a substantial shop guaranty that they would pay when the stamps were ready.

It was rumored early this week that a temporary agreement had been reached temporarily releasing B. A. T. stocks and allowing it to continue operations. The agreement provides for payment of the tax in Peiping instead of Nanking; cigarettes manufactured in Shanghai upon which tax has been paid may be shipped north, after the additional tax required by the Northern

authorities has been entered in the accounts of the Peiping Tax Bureau. However, Nanking has not yet ratified the agreement.

The move was another obvious step in the direction of complete fiscal autonomy in North China. Many other similar instances will probably come to light in the near future in view of rumored early developments at Nanking, although doubtlessly some concerns will pay their double taxation without making protests. Double taxation is also affecting many small Chinese shopkeepers in the foreign concessions of Tientsin, although this is a situation which has not yet been revealed by the searchlight of publicity.

Mayor Hsiao Chen-ying, prior to his "resignation" had for some time been making plans to compel Chinese merchants in the foreign concessions to pay a special tax, or tribute of some sort, to the Tientsin Tax Bureau although these merchants already paid a business tax to the concessions directly. The Mayor's contention was that they are Chinese, their business is conducted in China, their customers are Chinese and most of them live in Chinese areas, therefore it is only just they pay a tax to the Chinese authorities.

The Kailan Mining Adminisitration, premier British coal producing and marketing concern in China also faces a period of uncertainty probably unequalled since Boxer days when the old Chihli provincial authorities handed its title deeds to a young American Engineer, one Herbert Hoover, with instructions to protect the valuable properties against possible seizure by Japanese or Russians. With most of its mines in the territory of the East Hopei Anti-Communist Autonomous Government, its head office in Tientsin under the jurisdiction of the Hopei-Chahar Political Council and its long-standing political and financial connections leading directly to the Nanking Government, it is more or less obvious that K. M. A. also faces a trying situation.

One wonders whether the future of the B. A. T. and K. M .A. as well as British investments in the Peiping-Mukden Railway, Peking Syndicate and other "vested interests" in North China didn't constitute more potent subject matter of conversation when Sir Frederick Leith-Ross was in Tokyo than some of the things referred to in the Tokyo press reports.

Last week the Hopei-Chahar Council appointed Yuan Chia-jung as Chief Manager of the K. M. A., but the company issued a statement to the press refusing to recognize the appointment and pointing out that the K. M. A. is a joint Sino-British commercial enterprise, and could not therefore be legally placed under the management of a political appointee such as Mr. Yuan. More than two years ago the Chinese Government abolished the post of Director General. Meanwhile pressure is also being exerted on other foreign and Chinese concerns to pay "special" taxes, tribute or just plain "squeeze" to the North China authorities. Even though one would disregard the natural desires of officials of the Hopei-Chahar Council to collect as much as possible in the belief that they may be kicked out shortly, it is impossible not to overlook the fact that excessive taxation is the best possible way of killing Occidental business concerns—thus carrying out one of the Japanese Army's chief objectives.

AMERICAN JOURNALISTS AND THEIR WORKS IN CHINA

IT was a matter of some significance that the first American missionary to China, Elijah C. Bridgman, who was sent out by the American Board, actually brought a printing press with him. That was in 1830, more than a century ago, and the following year, 1831, Mr. Bridgman started an American paper at Canton, *The Chinese Repository*. The *Repository* had as its purpose the dissemination among foreigners not only of missionary news but of information concerning the laws, customs, history, literature and current events of the Chinese Empire. It was such a high class journal that it quickly acquired a circulation of more than 1,000 and was described by a London magazine in 1837 as a periodical "which would be considered good even in England." But it suffered in prestige as a result of the first Anglo-Chinese war and in the last seven years of its publication its circulation dropped to 300 and it had to be subsidized by the other revenues of the printing office.

A recent writer stated that no foreign journal since has "quite matched the *Repository* its 20 volumes comprising some 12,000 pages are an extraordinary compendium of information concerning China and the Chinese, particularly valuable as a final critical view of the Empire on the eve of radical transition a list of its contributors is virtually a list of the British and American scholars of that time in China, but there was only one Chinese contributor, Liang Tsin-teh, student in a mission school who often signed his articles anonymously as 'Retired Scholar.' "

Since that time there have been innumerable journalistic enterprises fostered by Americans and while it may be true that none has reached the excellence of the *Repository* they have generally been of a sufficiently high order that present day American journalists may take a justifiable pride in the high character of the work of their predecessors. The *Chinese Recorder*, edited by Dr. Frank Rawlinson, which was started in 1867, is the direct and worthy descendant of *The Repository*.

Although most of the early American journalistic activities in the coast ports were conducted by missionaries and were concerned with the publication of newspapers and magazines in the Chinese language, there were several attempts

at publication of English language journals intended for general circulation. In 1867 an American started a monthly journal at Shanghai known as the "News Letter for California and the United States." The name of the editor and publisher of this journal was not recorded but the paper continued in regular publication until 1871 when it was merged with another journal. Then there was the *Canton Register*, started by a Philadelphian named W. W. Wood in 1827, which preceded *The Repository*. Wood was described as a "talented and versatile man and something of a gentleman adventurer." He wrote practically everything in the paper, set his own type and printed it on a hand press lent him by a British merchant named Alexander Matheson.

The latter half of the preceding century was a fertile period of American participation in the newspaper and periodical journalism of China. The Taiping Rebellion and foreign aggression forced upon the Chinese an interest not only in foreign news but also in domestic news of their own country. No longer were they satisfied with the proclamations of the official court gazette at Peking. It was in this period (1850) that the *North-China Herald* was started and while American journalists had nothing to do with that British organ, one American did, for a considerable period, edit the Chinese edition of the paper. This early American journalist, sufficiently skilled in the Chinese written language to edit a newspaper was Young J. Allen of Georgia who came to China in 1860 under the Southern Methodist Board. Allen was connected with a long list of Chinese publications some of which achieved circulations running into the thousands. There were a number of other well known American journalists active in this period and practically all were concerned with the publication of newspapers and magazines in the Chinese language; hence it is correct to say that their influence had a pronounced effect on later Chinese journalism and probably was responsible for turning it in the direction of American rather than European methods. Among these missionary journalists were John Glasgow Kerr at Canton, J. M. W. Farnham who published *The Child's Paper* for nearly 40 years which maintained an average circulation of 4,500 monthly. N. J. Plumb published at Foochow the *Mount Zion Messenger* which became an undenominational Protestant organ and parent of the *Advocate*, later published at Shanghai. Mrs. George F. Fitch published *The Gospel News* in colloquial Chinese for a considerable period. Daniel Jerome Macgowan at Ningpo published for a considerable period the *Sino-Foreign News* which not only reprinted extracts from the *Peking Gazette*, but also much general news departmentalized by localities throughout the country. However, Editor Allen was the most versatile of all and in his 47 years conducted a variety of Chinese newspapers and magazines, a notable record as yet unequalled by any other foreigner or Chinese. Aside from the Chinese edition of the *Shanghai Evening Post*, we know of no other foreigners who are today concerned with Chinese language publications, but the rapidly growing Chinese press, particularly the periodical press of today owes much to the start which the printing and publishing industry received three-quarters of a century ago by a considerable numbers of American journalistic pioneers—and also a few Britons—but most of them were Americans.

Coming on down to the "turn of the century," otherwise the Boxer period of 1900 American journalistic enterprise received a spurt due to the arrival of several notables of this profession, two of whom deserve special mention, Dr. John C. Ferguson, missionary and educator who was largely responsible for the development over a period of more than a quarter of a century, of a leading Chinese newspaper, the *Sin Wan Pao*, still one of the two leading newspapers of the country. Dr. Ferguson was also connected with the publication of other journals, including the official organ of the Royal Asiatic Society, but he will always be known in Chinese journalism as the power behind the *Sin Wan Pao*, a position he relinquished in 1927 when he sold the paper to his Chinese partners. The other journalist, who came to China to cover the first Russo-Japanese war and the Boxer Rebellion, was Thomas F. Millard, who represented the *New York Herald* and *Scribner's Magazine*. Millard not only covered the wars and wrote several books about Far Eastern complications, but later on started two English language newspapers, *The China Press* and *The China Weekly Review*. Somewhat later in the daily field was Carl Crow, who was associated with Millard in the starting of *The China Press*, but who also was largely instrumental in launching the *Shanghai Evening Post* now owned by C. V. Starr and edited by Randall Gould. Dr. Charles J. Fox, who came to China in 1913 as professor of international law at Peiyang University, started the *North China Star* which has become the most widely circulated newspaper in the North.

American newspapers in China have generally had a difficult time because of the insufficiency of American advertising to support them and their inability to attract the advertising of other nationalities without compromising their editorial policies. George Bronson Rea, publisher of the *Far Eastern Review*, which in recent years has practically become the organ of the Japanese military clique, once declared that the publisher of an American paper in the Far East who relied upon the support of American merchants or American officials "would go out of business in less than a year." Rea apparently spoke from bitter

experience because the advertising in his paper is about 95 percent that of Japanese firms.

The subject of American journalistic efforts in China was suggested to us by the American University Club which is compiling an annual dealing with the works of American university men in China. One chapter in the book will deal with American journalistic activities and this has led to considerable research and the unearthing of much interesting material. While the American newspapermen, for reasons referred to in the foregoing, have never been able to produce a newspaper equal in financial and commercial stability to that of the British *North China Daily News*, they have, however, many notable achievements to their honor, probably the most important being the initiation of professional journalistic education at a number of leading Chinese universities, the most notable being Yenching at Peiping where a full fledged professional journalism school has been in existence for several years. The specially-trained Chinese young men and women graduated from these schools will profoundly influence the future of Chinese journalism, long after the foreign newspapers have passed from the scene.

Kawagoe Told to "Cooperate" with Britain---Japan to Concentrate in North---Kita Interview

THAT the new Japanese Ambassador Shigeru Kawagoe has been instructed to cooperate with Great Britain in China was "admitted" in a *Domei* report published in the Tokyo newspapers on June 12, the report stating that orders to this effect were included in the instructions which he had received from the Tokyo Foreign office. Kawagoe, who previously occupied the post of Consul-General at Tientsin and who was unexpectedly promoted to the Nanking ambassadorial post due to support of the Army General Staff, was scheduled to sail from Kobe on June 20.

Whether the seemingly sudden decision to cooperate with Britain had resulted from the Leith-Ross conversations in Tokyo was not stated, but according to *Domei* it was thought that such cooperation "would avert trouble with the Powers because Britain had been active in China for a long time and had built for herself a strong position there." Aside from the hint from Tokyo that Japan and Britain had reached an understanding for the mutual protection of their respective interests there was no corroboration of such an understanding from British sources. A *Reuter* report from London on June 16 regarded it as hopeful that the Japanese were now willing to discuss the situation with Leith-Ross whereas he was met by a "blank-wall of opposition" when he visited Tokyo on his trip to China a few months ago. Anthony Eden, Foreign Secretary, replying to a question in the House of Commons, stated that the Shanghai International Settlement would not be endangered in the event of a Sino-Japanese war because reinforcements for the Shanghai garrison were being held in readiness at Hongkong. Nothing was said about any understanding on the subject having been reached by the British and Japanese authorities.

The Japanese newspapers and officially controlled *Domei* service have circulated various versions of Ambassador Kawagoe's instructions. One such *Domei* version published in the Tokyo papers on June 12 listed four outstanding items:

1. The Nanking Government has approved Japan's three principles for adjustment of Sino-Japanese relations, but it refuses to act in a positive manner in preventing anti-Japanese movements. On the contrary, it adopts an attitude that cannot but encourage such movement. Its serious attention must be drawn to undesirable effects of this attitude on Sino-Japanese relation.

2. Though the North China question is a Chinese domestic matter, it would have far-reaching effects on the existence of Japan and Manchukuo if allowed to take its own course, for North China borders on Manchukuo. It is the desire of the Japanese Government to have Nanking realize the actualities of the situation and provide North China with a regime favorable to realization of co-operation between China and Japan and Manchukuo.

3. The so-called smuggling in North China is a result of high tariffs. A contributing factor is the centralization of customs revenue. The Nanking Government must be made speedily to devise measures to eliminate these defects.

4. Japan is willing to give consideration to any proposal for economic and technical assistance to China, but Chinese economic problems are closely allied to the Chinese political situation. It is considered necessary that the political situation be stabilized before economic rehabilitation is taken up. Sino-Japanese co-operation can become possible, moreover, only when China recognizes the special position of Japan in the Far East.

Later reports, including hints from Chinese sources, have indicated the possibility that North China will receive first attention following the arrival of Kawagoe. The *Ta Kung Pao* stated on June 16 that Nanking had decided to negotiate directly with the Japanese authorities on North China issues, hoping thereby to clarify the situation prior to the convening of the Second Plenary Session scheduled for July 10.

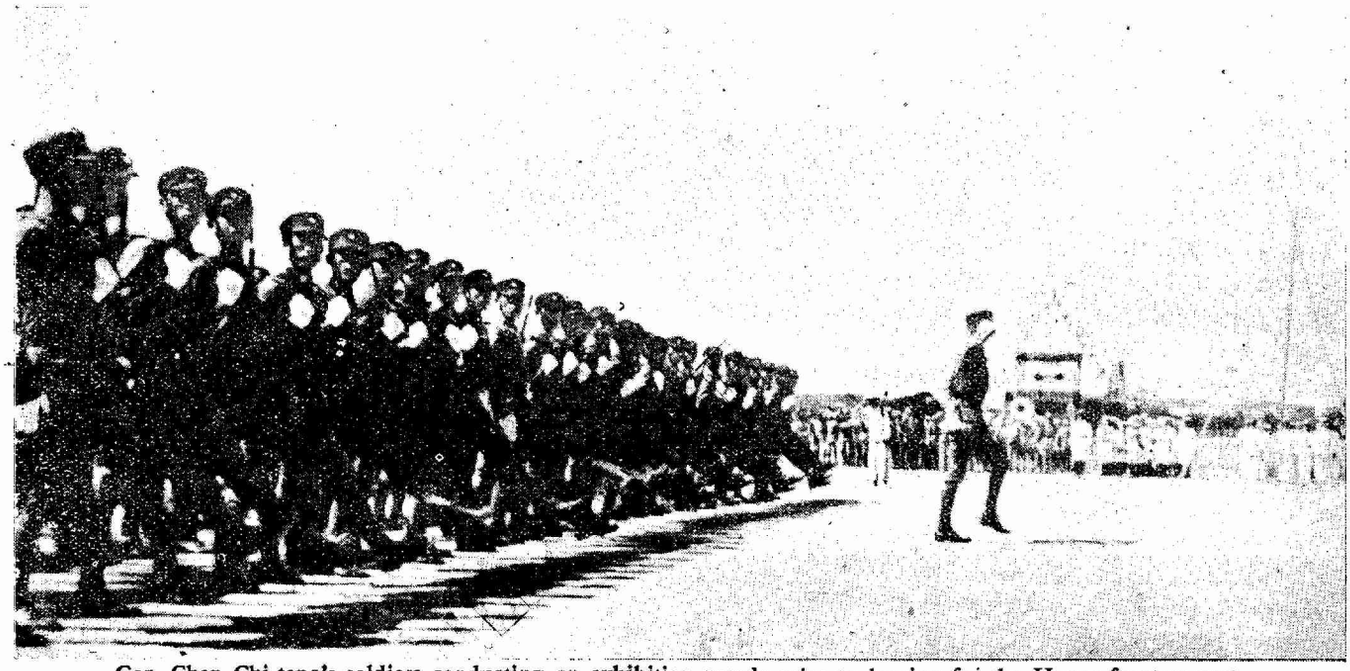
Of most significance, however, were the reports cabled to Shanghai from Tokyo and Yokohama outlining Kawagoe's views on the question of Sino-Japanese relations. The first sentence in the *Domei* interview with the new Ambassador reminded newspaper readers of state-

ments made by Japanese military leaders at the time of the occupation of the Manchurian provinces in 1931. According to *Domei* Ambassador Kawagoe declared that "in order to protect the Chinese people from misery, Japan will pave the way to political stability. . . . by extending Japanese financial aid to China." He thought the best and simplest way to readjust Sino-Japanese relations would be to extend economic assistance to North China, "where Japan and Manchukuo have specially close connections." The economic cooperation would include railway loans "in kind," cooperation with farmers, prospecting and development of mining properties. "These matters should be settled first. . . . and we officials will take care they do not show on the balance sheets. . . . but businessmen will bring to fruition Sino-Japanese cooperation."

Kawagoe admitted that Japan's interest in railway construction had been considerably stimulated by statements of Sir Frederick Leith-Ross, the British economic advisor, in the course of his interviews with Tokyo officialdom.

Kawagoe was then quoted as declaring that "efforts would be made to divert funds now used by the Nanking Government for unproductive ends such as military expenditures, to the building of new railways." But Japan declined to join in any scheme for extending joint assistance to China such as the plan urged by Sir Frederick Leith-Ross. The Japanese Ambassador said that the British plan "would merely result in fattening the pocketbooks of certain Chinese politicians and militarists without causing any productive effects. . . . Japanese military, naval and diplomatic officials were united in opposition to the pouring of funds even into Central and South China which lack political stability. . . . *but the situation in North China was wholly different because the productivity of investments in that region are now safeguarded by the stable state of affairs resulting from stronger Japanese influence.*"

FOR NATIONAL DEFENSE OR ANOTHER CIVIL WAR?



Gen. Chen Chi-tang's soldiers conducting an exhibition parade prior to leaving for the Hunan front as part of the Southern "Anti-Japanese National Salvation Army."

As to the smuggling situation, Kawagoe declared that smuggling was due to causes much older than the autonomous government of East Hopei, which regime, Kawagoe while Consul-General at Tientsin had helped to create. Referring to cooperation with Great Britain, Kawagoe stated that Japan was prepared to cooperate if Japan's interests in China "would not be jeopardized and if China's welfare would be increased as a result of an accord."

Referring specifically to the instructions he had received in the course of his one and a half hour interview with Hachiro Arita, Foreign Minister, prior to his departure from Tokyo, Kawagoe intimated that he had been told to steer clear of political issues and to devote himself to "increasing the economic ties binding the two countries." The bulk of his attention would be devoted to North China which is "most closely related to Japan." Japanese technical assistance would be extended in the improvement of cotton cultivation, exploitation of coal and iron mines and financial help would be extended in the construction of railways. Primary attention would be given to the completion of the Tsangchow—Shihchiachwang link between the Peiping-Hankow and Tientsin-Pukow lines, upon which the surveys have already been completed.

Of further significance in connection with Japan's intentions in North China was a statement by Kazue Kuwajima, director of the East Asiatic Bureau of the Tokyo Foreign Office, who, in company with a large crowd of high Japanese military and civilian officials has been inspecting

the situation in the North. Mr. Kuwajima declared that Japan would cooperate with North China in extending economic assistance "just as soon as political stability comes to the Northern provinces. . . . salt and the rayon industries would receive first attention . . . but it would be necessary to strengthen the economic council of the Hopei-Chahar administration. . . . owing to the special conditions now prevailing in the North it would be necessary to give all possible assistance to the 'person in power,' otherwise Gen. Sung Cheh-yuan who had shown himself a men of "sincere personality.' "

Of final interest in connection with the next period of Sino-Japanese relations, following the arrival of the new Japanese Ambassador, were the reports in the Japanese newspapers referring to the interview between Major-General Seiichi Kita, Japanese Military Attache and Gen. Chiang Kai-shek. It will be remembered that the *Jiji Shimpo* alleged on June 2 that the new Japanese Military Attache was being dispatched to Nanking for the purpose of proposing an offensive and defensive military alliance between Japan and China. But *Domei* reported in a long dispatch sent from Shanghai to Japanese newspapers on June 8 that Major-General Kita had gone to Nanking for the definite purpose of warning General Chiang Kai-shek about the serious situation in South China. The following is the verbatim text of the *Domei* message as published in the *Japan Chronicle*:

"Under these circumstances, it is understood that the Japanese military attache plans to seek General Chiang's definite clarification as to whether the Nanking Government is ready to deal rigorously with the faction whose campaign against Nanking is being conducted in a manner which is detrimental to Sino-Japanese relations. Observers believe that the Generalissimo's clarification of his intentions towards the matter will have considerable bearing upon future relations between Nanking and Tokyo.

"Meanwhile, reliable sources reported today that a large number of planes of the Central Army's air force are now being concentrated in various strategic points in Kiangsi and Hunan Provinces, with Nanchang and Changsha as their centres, in preparation for air raids on Canton in the event of a clash between the Kwangtung and Nanking forces.

"It was also reported that large quantities of bombs and other munitions are being stored in military depots at Chuchow, Chekiang Province, and Chian, Kiangsi Province, while Nanking's military planes at Nanchang, Changsha and Chian are reportedly reconnoitring the Kwangtung and Kwangsi borders.

"Those circles also disclosed that the Central military authorities have recently dispatched orders to important cities in Kiangsi, Hunan and Chekiang Provinces to accelerate their anti-air defence work to prepare against possible air bombardments by the Southwestern air forces."

The *Aashi Shimbun* (Tokyo) also reported on June 8 that Major-General Kita's trip to Nanking would be important in that it would "sound out Sino-Japanese relations on the eve of formal negotiations to be started between Japan and China upon the arrival of the newly appointed Japanese Ambassador, Shigeru Kawagoe." The paper declared that Japan also would be able to find out the real intentions of Gen. Chiang Kai-shek "at a time when Nanking's relations with the Southwestern faction have become strained with anti-Japanese and anti-Chiang Kai-shek circular telegrams being circulated."

Issues Underlying Canton-Nanking Crisis Imperil Nation's Future

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

TEN years ago this week Cantonese expeditionary forces organised in Canton with the support of Kwangsi were fighting their way through Hunan for north-eastern China with Shanghai and Nanking as their goal. History repeats itself. Today the conservative Southwest Government under General Chen Chi-tang and the more bellicose Kwangsi vice-Commander-in-chief (General Pai Tsung-hsi) is organising a similar northern expedition also heading for Hunan. In 1926 it was the young and Russian trained cadets of the Whampoa Military Academy under General Chiang Kai-shek who scored most of the success in Hunan, Hupeh and finally Kiangsu. Today it is the young cadets of the Yintong Military College, German trained youth, who would march northward fighting announcedly for the anti-Japanese cause.

Yet there is still another similarity of these two expeditions. In 1926 it was General Pai Tsung-hsi who first entered Shanghai against the troops of the late General Sun Chuan-fang, then warlord of Shanghai and today the same Commander will be the Commander-in-chief of the vanguards, who will be the first of the expeditioners to enter the territory under control of Commanders pledging allegiance to General Chiang Kai-shek and the Nanking Government. But, weighing the situation from all angles, it must be admitted that the Southwest is fighting against tremendous odds in the present war, if such will materialise. According to the best-informed sources Canton is sending the Second Army under General Chang Tat for the expedition while a bigger force from Kwangtung's neighboring state, Kwangsi, will be represented by the Seventh and Fifteenth Kwangsi Armies. Units of the Seventh Army were the same ones which fought their way into Shanghai in 1926 thus scoring the most important success of the expedition which created for Chiang Kai-shek his strong part of today.

Cause of the Internal Split

But what puzzles most obsevers of the situation is the sudden manner in which the internal split between the South and north was proclaimed almost immediately after the death of the late Hu Han-min, elected Chairman of the Standing Committees of the Kuomintang Central Executive Committee and Central Political Council. In this connection Canton's most competent observers told me the other day that even had Hu Han-min lived until today the war could not have been avoided. Chou Lou, Chancellor of the Canton Sun Yat-sen

ANTI-JAPAN OR ANTI-CHIANG KAI-SHEK?

The above pictures along with others which have appeared in the Shanghai newspapers indicate how the people of South China have been stirred by recent political developments in that section. *Upper Left*—Delegates from various groups calling at Government offices with petitions demanding war against Japan; *Center Left*—Troops being given an enthusiastic send-off at Weichow; *Bottom Left*—Some 5,000 Boy Scouts demonstrate and parade at Nanning, capital of Kwangsi; *Upper Right*—One of the many demonstrations staged in Kwangsi province against the Japanese; *Center Right*—Demonstration at Wuchow; *Lower Right*—Two leaders in the South, Dr. Lo Wen-kan (wearing spectacles), who is connected with the Canton Foreign Office and Gen. Li Tsung-jen, head of Kwangsi province and second in command in the Northern "Anti-Japanese Salvation Army."

National University and member of the Southwest Political Council (the highest political authority of the Two Kwangs) is a champion of internal peace and he was among those who had endeavored their best to avoid this open split. During the time when many memorial services were held in Canton to mourn the passing of Hu Han-min, all Government leaders from Kwangsi and Kwangtung assembled for a conference at the residence of one of Canton's leaders. The discussion came up that the Kwangtung Government had suffered tremendously from the depreciation of the Canton paper money. The latter were issued by only two Government banks since last November, namely the Kwangtung Provincial Bank and the Canton Municipal Bank.

It was pointed out by those discussing the matter that political enemies of Canton were instrumental in the selling of the Kwangtung managed currency with a view to depressing the local money and as a means of forcing the Kwangtung and Kwangsi Treasuries to adopt the National Currency Standard (Shanghai silver rate). But towards this proposal the Canton officials offered the bitterest opposition, that of having to give up its many million dollars' worth silver coins accumulated during Kwangtung and Kwangsi's nationaliation of silver. Between November and now the Kwangtung Government has strictly enforced rules requiring all citizens to give up their silver coins in return for the Government paper money. In this conversion the owners of silver were each given a twenty per cent premium worth of paper money.

The enormous amount of silver collected is now placed in charge of a Committee composed of Govern-

ment officials bankers and merchants. It has also been pointed out that if Kwangtung goes in for the National Currency Standard the change-over would cost Canton many million dollars, compelling Canton to give up its custody of the silver bullions.

It was because of this strong official resentment against surrender of the silver bullion that the Nanking Government delegates such H. O. Tong (Superintendent of the Shanghai Customs) and others coming to negotiate for Kwangtung's adoption of the national standard had to leave hurriedly and were disappointed. Incidentally it seems rather peculiar that while all news agencies reported H. O. Tong's arrival and return to Shanghai some ten days ago the same official was seen in Hongkong only two or three days ago. The tension in the Southwest must have compelled his prolonged visit in Hongkong watching developments.

Because the depreciation of the Canton paper money had caused such hard feeling among the Canton officials and the Kwangsiites, who blame the Nanking officials for this, that a quarrel ensued between General Pai Tsung-hsi and Chou Lou at a recent Canton conference. After making known his intention to organise an anti-Japanese expedition to Hunan, General Pai Tsung-hsi left for Nanning the next day, without waiting for a chance for the politicians to mediate his difference with Chou Lou. The latter also left for Hongkong the next day to board the Italian liner *Victoria* for Europe where he will attend a conference sometime towards the end of July among the World's universities' executives.

But since the announcement of the expedition to North China was made in Nanning (Kwangsi capital) the paper currency of these two provinces slumped many points. The panic-striken citizens of Kwangsi were hurriedly hoarding their available silver coins, despite the military warning that people who refused to use the Government banknotes might receive death punishment. In Canton the banknotes of the two government banks slumped many points and at one time this week were worth only half the value of the Hongkong money. Their normal premium against the Hongkong money was $1,500 Canton money for each $1,000 worth of Hongkong dollars. The reason for the continued depreciation is due to the orders for arms, ammunition and food stuffs, mainly rice, by the army and the people fearing the outbreak of war.

In buying these foreign products the Canton people had to purchase Hongkong money and each purchase brought the value of the foreign exchange higher. Many consignments of arms and ammunition ordered from abroad were delivered on behalf of the Kwangtung and Kwangsi Governments by Hongkong firms. One such consignment of arms arrived this week by the German steamer *Scharnhorst*. To check the further drop of the paper money the Canton Government is establishing an exchange office to handle the transaction of foreign money, fixing the rate of Hongkong at $1,720 (Canton) for each $1,000 (Hongkong).

But despite this official reassurance the notes slumped on June 15 to $1,865 for each $1,000 (Hongkong). Competent bankers say that the day the mobilisation orders are given a further slide of the banknotes will be seen. Prices of rice appreciated by thirty per cent since the spread of war rumors. Rice hongs report that most of the rice came from Annam and Saigon and their price fluctuation is mostly governed by the rates of Hongkong money.

No New Government Organised

Although the military commanders of the Two Kwangs have changed the ensigns of their respective armies to that of the "Anti-Japanese National Salvation Army" yet no new Government has been established. It will be recalled that in the past anti-Chiang Kai-shek movements sponsored by Cantonese leaders in Canton in 1931 and against in Fukien by the Nineteenth Route Army commanders in 1934 new Governments with clear-cut announcements of policies were made.

In 1934 the Fukien group was generally known as Democratic Socialists and they even denounced the Kuomintang for its inability to save the country from the invader and in 1931 it was the Enlarged Kuomintang Session which took the lead in the clamor for the downfall of dictatorship. But no such political activities or hint of organising a new Government are observed in Canton and Nanning. The logical deduction, therefore, is that this is a military movement, pure and simple, one that is allegedly only directed against the Japanese. Such is the development so far.

But in the eyes of the Central Government the Southwest military movement will be regarded as a rebellion against the Central Government. Although ostensibly the expedition is said to be against the Japanese, developments in the nearest future will show that the expedition to Hunan is actually aimed against Chiang Kai-shek. In other words the present movement is the second chapter of the anti-Chiang Kai-shek drive of early 1931, which was participated in by a much larger and more influential group of Kuomintang veterans including such important personages as Wang Ching-wei, Eugene Chen, and many others. The 1931 movement was interrupted by the sad events in Manchuria, when the Japanese took advantage of the split within the Kuomintang and occupied the four northeastern provinces one after the other. When the Japanese took Mukden and drove out Chang Hsueh-liang there was such a loud clamor all over the country for a cessation of the civil strife and holding for a peace parley in Shanghai that Canton eventually dropped the idea of sending an expedition to Nanking.

In the opinion of many there is a general fear that if the Cantonese and Chiang Kai-shek troops open hostilities the Japanese will extend their aggression in North China. China's most eastern province, Fukien, will than be more exposed to the danger of a pro-Japanese autonomist movement, as already the Japanese and Formosans are increasing their political and commercial interests in this province. Fukien being the immediate neighbor of north-eastern Kwangtung, it may turn out to be one of the fields of hostilities, once the civil strife starts.

To deal with the Southwest movement against him it seems that Chiang Kai-shek has only four courses which he can reasonably take.

1. In view of the pressure from within (meaning the Cantonese insurrection) and from without (the increase of Japanese garrison troops in North China and Japanese threat to dissolve the 29th Army and General Sung Cheh-yuan's regime), Chiang Kai-shek may prepare himself for the supreme sacrifice by definitely giving up his policy of concession and, adopting a policy of military opposition to Tokyo. By taking such a course Chiang Kai-shek could even utilise his "political enemies" troops by sending them to North China as the new garrisons of Peiping and Tientsin. Such a decision would in no time precipitate a war with the Japanese.

2. Chiang Kai-shek, on the other hand, might explain to his colleagues in the Southwest that the time for resistance against Japan has not yet arrived in view of the lack of support from the Powers, meaning America, Russia and Great Britain. If the Southwest expeditoners advance further from Hunan and Kiangsi and if his policy vis-a-vis Japan is not listened to by the Cantonese he can resign as he did in 1926 by going away temporarily and entrusting the reins of Government to the Southwest commanders, and those who want to openly challenge the invader.

Such a magnificent gesture would end all the southern suspicion that Chiang Kai-shek desires to make himself President later this year, when the new constitution of the Kuomintang Government becomes effective. A temporary resignation would affect the military power of Gen. Chiang Kai-shek to only a small degree as, with few exceptions today, most of the provincial chairmen are trusted members of the Chiang party. At the right moment Chiang Kai-shek could return from abroad, say England or America, and once again he could make himself the Generalissimo.

3. The third course is that Chiang Kai-shek can settle the insurrection by political means permitting the Southwest to advance their troops into central Hunan or even Kiangsi. Meanwhile send peace envoys to negotiate for peace and settlement of all Canton-Nanking differences. Chiang Kai-shek's armies in Fukien, Kiangsi, Hunan and Kweichow, in such an event, would no doubt be mobilised and hold their strategic positions.

4. The final course is by openly challenging the rebels by proclaiming to the world that the Southwest campaign is directed against him and not against the Japanese, which the Tokyo leaders very well know from the very beginning. That is the reason why the Japanese consular officials in Canton remain silent with complete contentment waiting for the next act of the Southwest drama.

From the correspondent's interviews with most Canton leaders the unanimous opinion among them is that Chiang Kai-shek will likely take the third course by first sending peace delegates to negotiate a compromise—failing which a war will be declared. As regards any possible concessions which Chiang Kai-shek may make to the Southwest most Government officials agree that such is not likely. Because the Nanking leaders know all the time that the Canton movement is not so serious politically as the similar coup of 1931, the present movement is lacking in support from the veteran Kuomintang partisans. If Canton sends an expedition to Hunan, Kwangtung's frontier adjoining Kiangsi and Fukien is open to an immediate invasion from Chiang Kai-shek's picked troops from these two provinces.

In Fukien there is Gen. Chang Fah-kwei, the young Kuomintang officer, who distinguished himself in military services during the northern expedition of 1925 and governed Canton as commander of the "Ironside" troops for a few months in 1927. Historically Chang Fah-kwai is an enemy of General Chen Chi-tang and the present Kwangsi military group who jointly deprived the Ironside commander of his position in Canton in 1928. On the other hand if the Kwangsi Government sent an expedition to Hunan, the Kwangsi frontier can at any moment be invaded by Chiang Kai-shek troops from Kweichow. Canton incidentally claims semi-allegiance from Kweichow and Hunan, but such is not the case. Kweichow and Hunan both have thrown in their lot with the Nanking regime long ago since the success of Chiang Kai-shek's anti-Red war in 1934-1935.

Therefore, if the Southwest expeditioners hesitate in entering far into the interior of Hunan their ultimate success remains most uncertain. As soon as war breaks out in the South developments in North China will also make themselves interesting and will lead possibly to the loss of more Chinese territory, as Chiang Kai-shek will then be compelled to give his full attention to the Hunan and Kiangsi fighting.

Will the defeated Communists now driven to Szechuen and Shansi, resume their northward march back to Yunnan and Kweichow, their erstwhile strongholds? This is another possibility which is causing great concern to the well-wishers of China. Meanwhile the Japanese will mostly likely take advantage of the situation by sending troops and gunboats to southern and eastern China for the alleged protection of their own nationals. Incidents can easily be created with most unfavorable results to the Chinese, and meanwhile smuggling will be conducted on a much bigger scale than hitherto.

Canton, June 15, 1936.

Sir Frederick Leith-Ross and the Japanese Mutually Wait for "Concrete" Proposals

THE visit of Sir Frederick Leith Ross, British economic advisor, to the Far East, is soon to come to a close. He was at first scheduled to sail from Kobe on his return to England June 19 on the s.s. *Rawalpindi*, but in the meantime he has returned to Shanghai, making his headquarters at the Cathay Hotel. On his arrival here Tuesday he declined to be interviewed and said he did not know how long he would remain in China. Interviewed by *Reuter* in Tokyo June 12, Sir Frederick stated that his second visit to Japan had practically no concrete results. He expressed the belief, however, that his conversations with prominent Japanese officials had cleared up a number of misunderstandings. He added that he had found, as compared with last autumn, a change towards renewal of the traditional friendship between Great Britain and Japan. He also found, he said, a more definite desire not to infringe on British interests in China, and a growing recognition in higher Japanese quarters that assistance to China would eventually benefit Japanese interests from an economic point of view. It was significant, however, that Sir Frederick added that no concrete proposals in this respect had been advanced. Evidently both sides are waiting on the other to put forward the "concrete" proposals, as a *Domei* telegram from Tokyo June 12 stated that Sir Frederick had not transmitted any "concrete" proposal from his Government.

The *Shanghai Nippo*, which may generally be relied upon to state the Japanese point of view with almost impudent frankness, June 15, also spoke about "concrete" results and expressed regret that the second visit of the British expert to Japan had not produced any. Taking issue with Sir Frederick, who was quoted in cable dispatches as saying that improvement in the living standard of the Chinese people would lead to the automatic eradication of Communism, this Japanese daily charged the British economic expert with lacking a correct understanding of China in his apparent ignorance of the two major causes for the bankrupt condition of China's agriculture, namely, political instability and damages caused by nature and man. "It is only natural," said *Nip-*

po, "that the fundamental policies of Britain and Japan regarding China should differ if only on the basis of their geographical positions. The only thing we hope for is that Sir Frederick will study policies towards China after acquiring a full understanding of the country. We shall, of course, not begrudge assistance to China. But we believe that the desired effects will only be secured when means of aiding China are established after taking into account the actual situation in the Far East and in China." According to *Domei*, Sir Frederick expressed the belief that Japan not only constitutes "a stabilizing force in the Far East," but has "grave reponsibilities" in this part of the world. He emphasized that his mission to the Far East was to offer advice in the reconstruction of China from a purely economic viewpoint and had no political meaning whatsoever. He attributed the decrease in Chinese Customs returns to the fluctuations of the silver market and the smuggling situation in North China. He, however, declined to advance his opinion on how Japan could co-operate in solving this situation on the grounds that it was "a political question." He admitted that he had received Japanese suggestions that he should advise the Nanking authorities to correct their attitude towards Japan but insisted that, inasmuch as he was a financial expert, he would be unable to touch upon such political questions. "Moreover, there seems to be in Japan a view that the Chinese should exterminate the Communists in their midst," he continued. "But the reason why Communists exist in China is because the farmers in the interior are in dire straits. To exterminate the Communists it will be necessary to stabilize the livelihood of these people. I believe that the establishment of new railway lines should improve the lot of the agricultural population and eventually make possible an increase in Japanese exports to China. This should benefit Japanese industrialists." Declaring that China was the country with the least number of railways in the world, Sir Frederick said he believed that such facilities should be made available in all districts of China.

One of the subjects discussed by Sir Frederick while in Japan was that of smuggling in North China, but it was recorded by the Tokyo *Asahi* and other prominent newspapers in the Japanese capital, that Foreign Minister Arita countered Sir Frederick's complaint by a reference to smuggling on a somewhat similar scale in South China, especially in Canton and Fukien, which were more or less under British influence. One of the questions put to Sir Frederick by the Japanese correspondents was, Would Britain aid China independently should Japan decline to extend joint assistance? To this he replied: "I do not believe that such a question could arise now that the Japanese Government has signified its intention to extend joint assistances."

A *Reuter* telegram from London June 16 stated that there was much speculation in the British capital concerning the results of the visit of Sir Frederick to Japan. The apparent readiness of the Japanese to discuss with him the China situation, in constrast with the blank wall which he met on his first visit, was generally regarded with hopefulness, it was stated.

Agreement that Japan cannot support China's currency reforms as long as the latter's unfavorable balance of international payments continues, was reached June 12 between Hachiro Arita, Foreign Minister, and Eigo Fukai, President of the Bank of Japan. Mr. Fukai had called on Mr. Arita to report on the nature of his conversation with Leith-Ross. Mr. Fukai and Mr. Arita also agreed that Sir Frederick's proposal for Japan's financial assistance to China was unacceptable until the latter acquired political stability. The relations between Japan and China, they further agreed, could not be considered from the economic point of view alone, as was the position of Great Britain.

Shanghai "Shun Pao" Says Leith-Ross Visit Will Not Be Successful

Commenting on the visit of Sir Frederick Leith-Ross to Japan, the Shanghai *Shun Pao* said: "Judging from appearances the present visit of Sir Frederick Leith-Ross will not be successful . . . The statements of Mr. Suma and other Japanese leaders make it clear that Japan is not ready to give up any interests in China to other powers. At any rate, no matter what the outcome of the visit the result will inevitably be to the disadvantage of China. It must always be remembered that Imperialists are not sincere in assisting the weak nations."

Japanese Official Returning to England to Negotiate for Adjustment of Trade Relations

Charged with the task of preparing the ground for the opening of negotiations for the readjustment of trade relations between Japan and Great Britain, Shinjiro Matsuyama, Commercial Councillor of the Japanese Embassy in London, departed from Yokohama on the m.v. *Chichibu Maru* for England via the Pacific June 10.

American School Graduates Receive Diplomas —Judge Helmick Makes Address

Forty-six graduates of the Shanghai American School received their diplomas June 12. The principal address at the ceremony was made by Judge Milton J. Helmick of the U.S. Court for China, who after referring to the fact that not everything intriguing or interesting in this old world happened within the last six months, said the graduates would not find the world quite like it is represented in the movies. In this factual world, young striplings just out of college, as a rule, said Judge Helmick, do not as in the movies, with debonair casualness evolve tremendous ideas which bring them fame and fortune overnight, nor do they solve offhand desperate problems of big business which have baffled the big executives and the board of directors, and then marry the boss's daughter; it is improbable that any girl of this class will meet her future husband in any super-romantic episode wherein she is rescued by him from Algerian pirates on a moonlit strand, or where she is wooed by a prince incognito on a Monte Carlo terrace while the band plays soft music. The graduates, said Judge Helmick, as they go out into the world would have to choose for themselves what is worthwhile and what is valueless, but if they summon to the task a sound sense of values, a trained intelligence and a courageous integrity, they would not go far wrong, although they would doubtless make many mistakes.

Kwangtung Refuses to Suppress Anti-Japanese Activities; Nanking and Canton Talk Peace

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Canton Authorities Flatly Reject Kawai Protest on Anti-Japan Agitation.**
2. **Delegates of Nanking and Canton Discuss Peace Terms in Hunan City.**
3. **Threat of Civil War Recedes as Both Sides Withdraw Their Forces.**
4. **Kwangtung Grows Lukewarm in Enthusiasm for Fight Against Japanese.**
5. **Total Strength of Kwangtung and Kwangsi Forces Given in Table.**
6. **Kawagoe Coming to China June 20 to Assume Ambassadorship.**
7. **General Han Fu-chu of Shantung Described as "Key-Figure" of North China.**
8. **Japanese Are Increasing Military and Air Strength in North China.**

The Kwangtung authorities have flatly refused to suppress anti-Japanese activities in the province in a note handed June 16 to the Japanese Consul-General, Tatsuo Kawai, in reply to his protest against the anti-Japanese movement in Kwangtung. The reply, made through Kan Chia-hou, the Foreign Commissioner, states that the authorities, in accordance with international law and Sino-Japanese treaties, shall accord full protection to Japanese residents and asks the Japanese Consul-General not to worry on that account. It emphasizes, however, that the authorities cannot prohibit anti-Japanese activities "because they represent the manifestation of the people's will and the natural reaction to Japan's aggressive acts in Manchuria, Jehol, North China and Shanghai since the Mukden incident." "The only thing for Japan to do," the reply adds, "is to change her aggressive tactics of the last five years, which have aroused the hostility of the Chinese people. If this is done, the anti-Japanese movement would automatically subside and Sino-Japanese relations would become more cordial." Kwangtung's strong reply to Japan is expected to have grave repercussions. Meanwhile, following a mass meeting in Canton, a telegram has been circularized throughout the nation asking the Central Government and the military leaders of the various provinces to mobilize immediately for resistance against Japan.

A vigorous protest against the anti-Japanese movement in Kwangtung was lodged June 15 by Mr. Kawai with the Chinese authorities. Special reference was made to the monster anti-Japanese demonstration on June 13, when 100,000 persons paraded through the streets shouting anti-Japanese slogans. Pointing out the disturbing effect of the demonstration on the relations between China and Japan, the protest declares that the Japanese Government regards the parade as a violation of the principle of Sino-Japanese friendship. The protest is causing uneasiness, and it is feared that it might mean the beginning of a fresh Sino-Japanese crisis in South China. Meanwhile, Chinese reports describe the situation in Swatow as being "very delicate" owing to Sino-Japanese friction. Hence, developments there are being awaited with great anxiety. It is generally felt that, as a result of their recent avowed anti-Japanese campaign, the Canton authorities will probably take a firm attitude towards the Japanese in the event of any new incident.

Anti-Japanese posters urging war against Japan and the recovery of Manchuria had been placarded everywhere in Canton, intensifying the already bitter feeling of the populace. Three resolutions were adopted by the demonstrators as follows?—

1.—To dispatch a telegram to the Central Government requesting that an expedition be sent out immediately to resist Japanese aggression.

2.—To telegraph the military authorities throughout the country urging immediate mobilization of troops, and

3.—To send a telegram to overseas Chinese and request them to urge the Central Government to dispatch troops to "fight the invaders."

As they converged in the East Parade Ground, the demonstrators shouted "Down with Japanese Imperialism," "Down with National Traitors" and other slogans.

One of the largest anti-Japanese demonstrations ever staged in China was held in Canton June 13 at least 100,000 persons participating. The normal life of the city came to an almost complete standstill. To enable as many persons as possible to attend, all schools and universities were closed; business firms declared a holiday; and factories and other industrial establishments ceased work. All Chinese banks were also closed, the bus services were suspended, and large numbers of ricsha coolies laid down their shafts to join the demonstrators.

Five Japanese warships, according to a *Reuter* report, arrived at Amoy June 12 and anchored off Kulangsu. An unofficial Japanese spokesman stated June 13 that the warships were ready to proceed to Canton in case of urgent necessity.

Current rumors of Japan's alleged part in instigating the Southwestern leaders to rise in arms against the Central Government were denied by Major-General Seiichi Kita, Japanese military attache, in his interviews with leading members of the Nanking Government the Nipponese officer told *Domei* June 15. Major-General Kita returned to Shanghai from Nanking the previous night, after conferring with Gen. Chiang Kai-shek, President of the Executive Yuan,; Gen. Chang Chun, Foreign Minister; Gen. Ho Ying-chin, War Minister, and other Government leaders. The officer declined to divulge the nature of his conversations with the Chinese officials but said that the issues touched were those with which he failed to deal fully during his previous visit to the Capital early last month. The members of the Central Government, he said, appeared to be sincerely hopeful for the readjustment of Sino-Japanese relations.

DELEGATES OF NANKING AND CANTON DISCUSS PEACE TERMS IN HUNAN

Negotiations for a peaceful settlement of the present crisis are proceeding at Hengchow, Hunan, between high officials of the Central Government and Liang-Kwang delegates, according to a *Reuter* telegram. General Hsiung Hsi-hui, Chairman of Kiangsi, and General Ho Chien, Governor of Hunan, are reported to be among those participating in the deliberations. It is understood that the demands made by the Kwangsi delegates as the price of their "quiescence" are at present such as to preclude an agreement, but efforts are being made to induce them to come to terms. General Ho Chien is reported to have made reassuring statements, but ammunition is being withdrawn from Changsha as a precautionary measure, and it is rumored that preparations are being made to remove the provincial capital to Chengteh if absolutely necessary. The situation generally is obscure pending the outcome of the Hengchow parleys. The movement of troops from Hankow to Changsha appears to have eased somewhat. The Hankow commercial air-field remains under the control of the military authorities, but flying schedules are not affected. Meanwhile, two Chinese gunboats arrived at Changsha last week-end en route to Hengchow. Although the Kwangtung forces and some Kwangsi troops have now withdrawn to the border from Yungchow, it is reported that other Kwangsi divisions are entrenched between Yungchow and Kiyang, southwest of Hengchow.

Official circles in Nanking quoted by *Reuter* June 17 denied the reported peace talks at Hengchow.

Uneasiness has been caused by an official report from Nanning expressing fears that a punitive expedition by Nanking into Kwangsi is contemplated. General Li Chung-jen, the commander-in-chief of the Kwangsi forces, and General Pai Chung-hsi, second in command, have telegraphed to General Feng Yu-hsiang, Vice-Chairman of the Military Affairs Commission, and Sun Fo, President of the Legislative Yuan, urging them to use their influence to persuade the Central Government to divert the Nanking forces in Hunan against the Japanese. The southwest, in the meantime, is taking the most careful precautions against a possible attack. The asitution generally is regarded as being still uncertain.

Under the pressure of the Nanking troops, Generals Pai Chunhsi and Li Chung-jen, Kwangsi commanders, who have incurred considerable unfavorable criticism throughout the country, are preparing to go abroad, reported *Shanghai Mainichi* June 16. General Chiang Kai-shek's policy toward the action of the Southwestern leaders is generally considered a great success. While Nanking troops continue to concentrate in Hengyang, a peace conference is now proceeding in Hengshan.

THREAT OF WAR RECEDES AS BOTH SIDES WITHDRAW THEIR FORCES

The threat of a civil war receded further into the background June 15 with the news that all Southwestern troops in Hunan have withdrawn to the border and that General Chiang Kai-shek has ordered the Nanking forces to discontinue advancing. The news concerning General Chiang Kai-shek's move which came from Changsha, has dispelled all uneasiness caused by previous reports that Central Government troops were continuing to pour into Hunan and were pushing their way southwards. The Nanking forces are now said to have withdrawn to Leiyang, about 35 miles south of Hengchow. It appears that a settlement of the differences between Canton and Nanking must await the second plenary session of the Central Executive Committee and the Central Superisory Committee of the Kuomintang, which will be held in Nanking on July 10. Meanwhile, the Southwest leaders are in conference to decide

77-097

on the policy to be followed in future in the light of recent developments, and also to decide on how to carry out their avowed anti-Japanese campaign. The general situation, however, is considered much brighter, and the tension felt in Canton last week has definitely eased. The moderate tone adopted by General Chen Chi-tang, and the fact that most of the Cantonese commanders have returned from the "front," are regarded as indications that Kwangtung has no wish to plunge the country into the throes of a civil war. Rumors that they were under detention were dispelled when General Yu Han-mow, commander of the 1st Kwangtung Army, and General Miao Pei-nan, General Chen Chi-tang's Chief-of-Staff, appeared at the weekly memorial service June 15. General Yu, who addressed the meeting, said that the Kwangtung forces in South Hunan had withdrawn to Chenchow, Hunan, and Lok-chang, in North Kwangtung. "This," he contended, "shows that the Southwest is obeying the Central Government's orders, and should enable the country to understand that the Southwest has no ulterior motive behind its anti-Japanese resistance movement." General Yu reviewed Japanese activities in North China, and declared that armed resistance was the only way to save the country from annexation by the Japanese. In conclusion, he urged the people of China to rise, present a united front and "beat down Japanese imperialism."

General Li Chung-jen, commander-in-chief of the Kwangsi Army, admitted in a statement to *Reuter* June 12 that the Southwest troops in Hunan had retreated from Kiyang to the border in order to avoid a clash with the advancing Central Government troops. Heavy Nanking reinforcements, he added, had reached Hengchow and pushed southwards. Questioned concerning the 2nd plenary session of the Central Executive Committee and Central Supervisory Committee of the Kuomintang, which will be held in Nanking on July 10, General Li stated that the Southwest authorities had not yet decided whether to attend. In his opinion, such a conference would be useless. What was needed was action against Japan, he added. Meanwhile, Kwangsi military leaders continue very active.

Reliable Chinese sources in Hongkong, with contacts closely in touch with the situation in Canton, reported June 13 that the present position was undeniably much better. While it is impossible to confirm a report that General Chen Chi-tang had ordered Kwangtung troops to discontinue their northward march, *Reuter* reported that all Kwangtung troops have been ordered to retire within their own borders and await further instructions. It appears certain that there has been considerable dissension, as the troops originally left for the Hunan border under the impression that they were participating in an anti-Japanese expedition. However, discovering that they were opposing the Central Government, objections and minor mutinies occurred. Numerous quarters state that General Yu Han-mou, commander of the 1st Kwangtung Army who has been "ill" for several days, is now being used as a "mouth-piece" on account of his friendship with the Central authorities. General Yu, in an interview with Chinese newspapermen June 12, assured them that the Kwangtung troops were withdrawing from the "front" and awaiting orders from the Central Government. The position of the Kwangsi authorities is still uncertain. It is believed that General Pai Chung-hsi, Vice-Commander of the Kwangsi Army, will be "a very hard nut to crack," but whatever may be the workings of his political mind, it now seems fairly definite that Kwangtung will not participate in anything in the nature of a civil war.

The first and third squadrons of the Kwangtung Air Force, stationed at Shiukwan, have been ordered by General Chen Chi-tang, to be ready to concentrate in South Hunan for an emergency, reported *Reuter* June 12. At the present time, two airplanes from Shiukwan are carrying out daily reconnaissance flights over the Hunan border. The Kwangtung authorities are purchasing 15 additional 'planes. General Ho Chien, Chairman of the Hunan Provincial Government, arrived on June 12 at Hengshan, 60 miles south of Changsha, to inspect the defenses there.

KWANGTUNG GROWS LUKEWARM IN ENTHUSIASM FOR FIGHT AGAINST JAPANESE

Reuter reported June 11 that Kwangtung is growing more and more lukewarm in its enthusiasm for the anti-Japanese expedition. The situation is rapidly approaching a stage where Kwangsi will be left to carry on the expedition alone. It has now been revealed that the decision of General Chen Chi-tang, Commander-in-Chief of the Kwangtung forces, to throw in his lot with the Kwangsi warlords was taken despite the pleadings of several of his leading advisers, who deprecated the notion of civil war. Meanwhile, the general populace of Kwangtung, though suppressed for the present, is becoming increasingly agitated over the depreciation in the value of provincial bank-notes and the rise in the cost of food. There is, it is believed, a distinct possibility of General Chen Chi-tang's position becoming completely untenable very shortly.

MILITARY STRENGTH OF KWANGTUNG AND KWANGSI PROVINCES DETAILED

According to a recent investigation by the *Ta Kung Pao*, the Southwest armies are divided into the following divisions:

A. The First Group Army—General Chen Chi-tang

(1) The First Army—General Yu Han-mou (now detained) and General Li Chen-chiu (vice-commander)

(*a*) The First Division—General Mou Hsi-teh
(*b*) The Second Division—General Yoh Ping
(*c*) The Third Division—General Chang Jui-kwei
(These troops were stationed in south Kiangsi and are now being sent to North Kwangtung)

(2) The Second Army—General Chang Ta (Commander) and General Li Han-kwen (now escaped to Hongkong)

(*d*) The Fourth Division—General Woo Chien-shun
(*e*) The Fifth Division—General Li Chen-liang
(*f*) The Sixth Division—General Huang Tse-wen
(These troops were stationed in North Kwangtung and are now being sent to South Hunan)

(3) The Third Army—General Li Yang-chin (now sick) and General Huang Yen-tseng (vice-Commander)

(*g*) The Seventh Division—General Tang Lan-hsin
(*h*) The Eight Division—General Yeh Sou-yao
(*i*) The Nineth Division—General Teng Lung-kwong
(These troops were stationed in East Kwangtung, part of them have been sent to Kiangsi and part to Hunan)

(4) The Training Division—General Miao Pei-nan (now detained). (These troops are stationed near Canton).

(5) The First Independent Division—General Huang Jen-hwan stationed at Chaomei.

(6) The Garrison Brigade—General Chen Han-kwong stationed at Tungkiang.

(7) The Independent Brigades (three brigades)—General Chen Chang, Tseng Yu-jen and Yen Yin-yu.

(8) The Air Squadron—Huang Kwong-jui (fifty airplanes).

(9) The Naval Squadron—Admiral Chang Tze-yin.

(10) The Four regiments of salt police.

(B) The Fourth Group Army—General Li Chung-jen and General Pai Chung-hsi.

(1) The Seventh Army—General Liao To
(*a*) The First Division—Gneeral Yang Chin-chong
(*b*) The Second Division—General Chen Hsu-feng
(now being sent to Hunan)

(2) The Fifth Army—General Hsia Wei
(*a*) The 42nd Division—General Wang Chan-ping
(*b*) The 43rd Division—General Soo Tsao-hsing
(*c*) The 44th Division—General Ho Wei-tseng
(now being sent to Hunan)

(3) Air Squadron—General Lin Wei-chen (200 airplanes)

Gen. Ho Chien, Governor of Hunan, has turned down the Southwest overtures for co-operation with Kwangtung and Kwangsi in their present openly-professed anti-Japanese expedition. Gen. Ho Chien revealed that the Southwest recently sent Gen. Li Pin-hsien, commander of the 8th Army in Kwangsi, to Changsha to explain to him the objectives of the Kwangtung-Kwangsi move and to solicit sympathy and co-operation from Hunan. Gen. Ho reported that he told the Southwest delegate that now as before Hunan would leave the formulation of foreign policies in the hands of the Central Government, and that any action taken relating to foreign affairs should be co-ordinated throughout the nation.

The Central authorities are continuing to rush troops southward in view of the doubtful attitude of the Kwangsi forces. Reinforcements were arriving hourly by train from points along the Peiping-Hankow Railway, while the city was thronged with grey-clad soldiers en route to Changsha.

The Southwest leaders on June 11 virtually rejected General Chiang Kai-shek's "peace appeal." In a strongly-worded telegram to Nanking, they denied responsibility for the present trend of events, and accused the Central Government of playing for time to make military preparations. The Southwest leaders assert that the Central Government plans to utilize the interval before the plenary session to complete a southward movement of Shansi and Kansu troops, and concentrate air forces in Kweichow, Fukien, Kiangsi and Hunan. They affirm that the concentration of Southern forces in South Hunan was "an essential preparation for the anti-Japanese expedition." The reply holds Nanking responsible if an outbreak of civil war occurs on the grounds that heavy forces of government troops had been sent to the Kwangsi and Hunan borders. Finally, the Southwest leaders emphasize the necessity of an immediate expedition against Japan.

In a second telegram to Nanking, despatched in the afternoon of the same day, the Southwest leaders, with a touch of irony—intended or unintended, it is not known—asked the Central Government—

1. To fix the route for the northward march of the Southerners.
2. To fix concentration points.
3. Adequately and continually to supply the Southwest's anti-Japanese forces with money, food, and munitions.

The telegram declared that delay in action against the Japanese would be a disaster.

ALL QUARTERS DEPRECATE IDEA OF CIVIL WAR

An urgent appeal has been sent by Gen. Lung Yun, Governor of Yunnan, to Gens. Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi of the Southwestern Armies, urging them to avoid taking indepenent action in any activities that should be decided by the whole nation.

Armed with the mission of explaining to the Central Government the stand of the Southwest authorities in the present political situation, two delegates of General Chen Chi-tang have already arrived at Nanking. They are Feng Jui, Director of the Bureau of Agriculture in Canton, and Sun Chia-cheh, Director of the Consolidated Tax Bureau for Fukien, Kwangtung and Kwangsi and concurrently member of the Fukien Provincial Government.

Charging the Japanese with having instigated Kwangtung and Kwangsi to rise up against Gen. Chiang Kai-shek, ten Cantonese members of the C.E.C. now residing in Nanking sent an urgent appeal June 11 to Gen. Chen Chi-tang for the immediate cessation of all military movements. They further asked Gen. Chen to dissuade Gen. Li Tsung-jen and Gen. Pai Chung-hsi, Kwangsi military leaders, from taking rash moves lest they forfeit their past glorious revolutionary career.

Dr. Wang Chung-hui, member of the C.S.C. and formerly Judge of the International Court at the Hague, who arrived at Nanking June 14 from Shanghai, had a lengthy conversation with General Chiang Kai-shek when current State affairs were discussed. Interviewed, Dr. Wang deplored that the Southwestern authorities had taken independent action despite the gravity of the national emergency. Anyone who tries to precipitate civil war under the pretext of coping with the diplomatic situation will be condemned by the entire country, he said the Central authorities will however continue to adopt an attitude of patience, and there is still hope for peace. If the South-western authorities cease their military activities in the next few days, Dr. Wang added, discussions can be held with them by the Central authorities on measures of national salvation.

General Yen Hsi-shan, Pacification Commissioner of Shansi, and General Han Fu-chu, Chairman of the Shantung Provincial Government, have telegraphed Generals Chen Chi-tang, Li Tsung-jen and Pai Tsung-hsi, urging them to go to Nanking to discuss with the Central authorities the outstanding political differences.

Wang Ching-wei, Chairman of the Central Political Committee, has added his voice to the numerous appeals for peace and national solidarity. In a lengthy cable from Berlin, where he is recuperating, to Generals Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi, he urges them to refrain from any act likely to precipitate another civil war. The recrudescence of internecine strife at the present juncture, Mr. Wang continues, can only please the enemy and pain "those who love you."

Overseas Chinese community in Paris on June 13 voiced their opposition to internal warfare in China, declaring that national unity is of the urgent necessity for national struggle against foreign aggression.

General Feng Yu-hsiang, vice-chairman of the National Military Affairs Commission, will not proceed to Canton, as reported in the papers, to mediate for a settlement between Canton and Nanking. According to semi-official reports, General Fang Chen-wu and Huang Chi-hsiang (important leader of the Fukien People's Independent Government) will go to Canton at the invitation of the Southwest leaders.

Commenting on the Southwest situation, the *Ta Wan Pao* in an editorial analyses the causes of the present dispute. The causes of the present dispute, according to the paper, are three, namely (1) the relationship between Kwangtung and Kwangsi, (2) the relationship between the Southwest and Central Government and (3) the relationship between the Southwest and Japan. Referring to the third point, the paper writes? "Japan fears most the unification of China. The Southwest is reported to have obtained the understanding of the Japanese authorities in sending troops to Hunan under the slogan of 'anti-Japanese'. It is a pity to see that the Southwest has fallen into the trap of the Japanese policy to 'conquer China by the Chinese'."

Contrary to the general opinion expressed in the vernacular papers, the *Everlasting Life Weekly*, in an editorial on June 13, voiced its approval for the Anti-Japanese campaign launched by the Southwestern Armies.

The dress of Hu Han-min, the late Chairman of the Standing Committee of the Central Executive Committee, who died in Canton on May 12, will be buried in a separate tomb at Piyunssu Temple in the Western Hills, west of Peiping, reported *Central News* June 13.

KAWAGOE TO LEAVE FOR CHINA JUNE 20 TO ASSUME AMBASSADORSHIP

Shigeru Kawagoe, the newly appointed Japanese Ambassador to China, left Tokyo for Kobe on June 16, four days later sailing for Shanghai aboard the *Asama Maru*. Mr. Kawagoe called June 15 on Hachiro Arita, Foreign Minister, to receive his final instructions on the projected negotiations for the readjustment of Sino-Japanese relations.

Belief that the recent anti-Japanese demonstrations by Chinese students were the result of propaganda disseminated by the Southwestern authorities was voiced June 15 by Yakichiro Suma, Japanese Consul-General in Nanking, prior to his departure for Shanghai aboard the s.s. *Shanghai Maru*. Japan's policy towards China Mr. Suma said, had not changed in the past few years. He hoped that Gen. Chiang Kai-shek, would "recognize the existing situation in the Far East" by placing emphasis on the "inevitable interdependency" between Japan and China.

HAN FU-CHU DESCRIBED AS "KEY-FIGURE" OF NORTH CHINA

Gen. Han Fu-chu, Chairman of the Shantung Provincial Government, was described as the "key figure" of North China by Koichi Nishida, Japanese Consul-General in Tsinan, on his arrival at Kobe from China on June 16. "Gen. Han's efforts to unite the Hopei-Chahar Political Council and the East Hopei Autonomous Anti-Communist Government as well as to co-operate with Japan in ensuring peace in the Far East are worthy of admiration," Mr. Nishida told *Domei*. The Chinese General's actions, Mr. Nishida added, have a vital bearing on the solution of the problems of North China.

Views on the problems of North China and the state of Sino Japanese relations were exchanged June 15 between Kazue Kuwajima, Director of the Gaimusho's East Asiatic Affairs Bureau, and Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council. The interview, which lasted an hour, was also attended by Yoshio Muto, First Secretary of the Japanese Embassy.

For the benent of both countries, the relations between China and Japan should be readjusted. It is my firm belief that Japan and China's relations will be regulated in due course of time. So declared Mr. Kuwasjima, Director of the Asiatic Bureau of the Japanese Gaimusho, on his arrival at Peiping June 13. Interviewed by press representatives, the Japanese diplomat said that the Japanese Ministries of War and Foreign Affairs are following a concerted policy towards North China. In Mr. Kuwasjima's opinion, the "autonomous" regime at Tungchow should be abolished and incorporated into the Hopei and Chahar Political Council. He could not say how this could be achieved.

In an interview with Chinese newspapermen June 14, Mr. Kuwasjima declared while it was logical that negotiations concerning North China should be conducted with Nanking, the Japanese authorities had to resort to local negotiations owing to the fact that the Central Government had not a clear understanding of the situation. Asked whether the Foreign Office or War Office in Tokyo was handling the North China situation, Mr. Kuwasjima admitted that the War Office was taking care of all problems in this area, but declared that the Foreign Office entertained the same policy as that of the War Office.

In a meeting June 15 the Japanese military officers decided not to abolish the East Hopei bogus regime. It is regarded by these officers that the East Hopei bogus regime and the Hopei and Chahar Political Council cannot be amalgamated and the two political organs must be maintained at the present time.

The strength of Japanese troops in North China has been increased by two and half times following the recent arrival of reinforcements from Japan, according to Maj.-Gen. Matsumuro, Head of the Special Section of the Japanese North China Garrison Headquarters, when interviewed June 16. Gen. Matsumuro said that these reinforcements will be stationed in the new barracks now being constructed at Fengtai.

Strengthening of its air force is the present plan of the Japanese Garrison in North China following the arrival of its augumented troops. Besides the construction of a huge airfield at the East Arsenal in Tientsin, reports state, the Japanese garrison will shortly be reinforced by a regular airplane squadron of 18 planes which will be permanently stationed in North China. The squadron captain, a major in the Japanese Air Force, has already arrived in Tientsin from Mukden and the planes are shortly arriving in the port city from Mukden.

HSIAO RESIGNATION ACCEPTED AND GEN. CHANG APPOINTED NEW MAYOR

Gen. Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council, accepted June 12 the resignation of Gen. Hsiao Chen-ying, mayor of Tientsin, and appointed General Chang Chih-chung as his successor. General Chang, the new Mayor, arrived at Tientsin form Peiping June 17 and formally assumed his office June 18. It is understood that General Chang will not deal with diplomatic affairs, which hereafter will be exclusively handled by the Foreign Commission of the Hopei and Chahar Political Council. Shortly after General Chang's arrival, General Sung and General Chin Teh-chun, Mayor of Peiping, also reached Tientsin by a special train. General Matsumuro, successor in North China to Lt.-General Doihara and adviser to the Hopei and Chahar Political Council, has already arrived in Tientsin for the purpose of attending a special conference of Japanese officers. Japanese generals and attaches from Taiyuan, Suiyuan Kalgan and Tsinan are also expected to attend the conference, to which considerable importance is attached.

The remnant "Reds" under Hsu Hai-tung, after being defeated by the Ninghsia troops near Yuwang, southern Ninghsia, have fled westwards towards Tunghsincheng, near the Kansu border. A part of the "Reds" under Mao Tse-tung is also reported to be engaged in severe fighting with the units of the 35th (Ninghsia) Division under Lieut.-General Ma Hung-pin at Chiyaing, southern Ninghsia.

Under the pressure of the Government forces, the Communists under Mao Tse-tung and Hsu Hsian-chien have started their march into the provinces of Kansu and Ninghsia. The Anti-Red forces are now making defense preparations along the River.

77-099

The Real Issue Behind the Nanking-Southwest Rift

BY C. Y. HSIEH (謝志秩)

THE crisis precipitated by the clamor of Southwestern military leaders for a showdown ostensibly against Japan but really against Nanking has developed from grim rumor to grimmer reality. Complicated by many unthinkable factors, it would bear all the features of a comic opera to us were we not chastened by the certainty of its tragic denouement. It is deplorable in that Japanese intrigues should again have been found behind this latest pitting of one part of China against another. Even these, base as they are, pale before the madness of those who should choose to do alien bidding by launching a suicidal civil strife. So that in the wake of the present high tension on the North China front, China is faced with a situation which cannot but pain her well-wishers and delight her foes.

That the rift between Nanking and the Southwest was brought about by many causes may be readily admitted. Equally apparent is the fact that it was many years in developing. But taking a broad historical perspective and brushing aside the various political, military and financial differences as consequences rather than the generic cause, we may say that the real, fundamental issue is between unity and centralization on the one hand and disunity and localism on the other, between an authoritative Central Government seeking an early end to centrifugal forces and a local autonomous regime scheming at the first opportunity to undo the centripetal power in the hope of supplanting it itself or dissipating it completely—in short, it is an issue of modern versus feudalistic conceptions of the political set-up in this country. As such, the rift already became inevitable as far back as the advent of the National Government in Nanking.

It is to this issue of issues that most of the differences between Nanking and the Southwest may be traced or resolved. In the political sphere the Southwest has tried to make capital out of the question of dictatorship versus democracy. While its lipservice to democracy is undoubtedly appealing from the standpoint of party ideology, the present state of national emergency has shorn it of much of its strength in terms of popular sympathy and public opinion. The crying need of the hour is not so much a government of the people and by the people as one for the people—*i.e.*, for the salvation of the nation from foreign aggression. This is not to say that popular rule is undesirable, or that the Chinese people are not yet prepared for it, or any of those arguments commonly arrayed against democracy in China. It does mean, however, that China should first of all be made safe for democracy, and the foremost condition of that safety is freedom from external danger. From this it follows that all who profess to have China's future at heart should do everything to help bring about a strong, centralized government. The force of this line of reasoning is so patent that, we venture to think, it could not have failed to impress itself even on the mind of our Southwestern leaders.

Southwest Has No Cause for Complaint

If in point of theory the Southwest has not the final word to say in this matter, still less has it, in point of fact, any cause for complaint. For years Kwangtung and Kwangsi have enjoyed a degree of autonomy such as has rarely been the lot of other provinces and this autonomous rule, far from being voluntarily or forcibly merged with the Central authority as is imperative to meet the national crisis, has actually been given very free and liberal scope in spite of, or rather because of, that very circumstance. And we have ample reason to believe that tolerance on the part of the Central Government would have continued if the Southwestern leaders had not sought to extend its regime outside the Liangkwang Provinces.

The military corollary of this political impasse is not far to seek. For years, and especially since the capture of communist strongholds in Kiangsi which had been a buffer between Nanking and the Southwestern spheres of authority, the concentration of opposing forces on each other's borders has been a cause of grave misgivings. The Southwest has often raised the outcry that it is made the victim of military encirclement by the Central armies. But has it stopped to ask why it is so? Did it ever occur to its military leaders that their elaborate duplications of the Central army machine on a scale far above the requirements of local defence and independent of Central control and discipline, could certainly not be overlooked by Nanking? As suspicion breeds suspicion and mistrust begets mistrust, antagonism is heightened and the chance of rapprochement correspondingly diminished.

The assumption of political and military responsibilities not their due could not but place a tremendous strain on local finance of the Liangkwang Provinces. Since the burden often proved too much for them, the Southwestern authorities turned as a last resort to the Central Government for financial assistance. As a condition for such assistance, it was only natural that Nanking should have insisted on some degree of administrative control and supervision, lest the money might be diverted to worthless purposes. Attempts at control by Nanking may be discerned in connection with recent squabbles over the transit of opium, currency reforms and the Canton-Hankow Railway. The first question affected Kwangsi most severely, while the second and third have more to do with Kwangtung. The coming to a head of difficulties of this sort was, it is true, largely responsible for the present crisis. But they, be it once more emphasized, are merely the results of the old, deep-seated feudalistic intentions which weaken, if not nullify many of the claims of the Southwest.

In short, the fount of all difficulties is that the Southwest has never accepted as final the establishment of the Central Government at Nanking. Somehow or other it has harbored the motive of overthrowing or displacing that regime. Among the Southwestern leaders the idea dies hard that the feat of the Anti-North Revolutionary Campaign of 1926-1927 may be repeated whenever an opportunity offers itself, and that whoever controls Canton, the cradle of revolutions in modern China, controls the destiny of the nation. It matters little to them how much the times have changed, or how far they have been left behind in the march of our nation-building work.

Now that matters have come to a head, let us hope that a fundamental solution will be found to the Southwestern problem once and for all. The time for cutting the Gordian knot has long been overdue, and should not again be suffered to lapse. Whatever the means of settlement, be it peaceful or forcible, a firm policy should be pursued by Nanking. Let a decisive blow be delivered to the last stronghold of feudalistic elements intent on setting up regional spheres of influence at the expense of national unity and strength.

Up to this writing the chance of a political settlement has not been abandoned. Such a settlement, however, would defeat the purpose in view so long as it is based on compromises and half-way measures. A political settlement worthy of the name should achieve the abolition of the Southwest Political Council and the Southwest Branch C. F. C. of the Kuomintang—organs for whose existence there never has been justification. With the mischief of their military colleagues or rather patrons before them, it may be that party and civilian leaders in the Southwest may reconsider their erstwhile position and cease to hold out against the centralizing tendency of the times. If the disgust of Messrs. Chou Lu and Tang Shao-yi, both prominent leaders of the Southwest, with the latest developments in Canton could be regarded as representative, it should be taken as a signal by Nanking to rally all party and civilian elements to the Central Government, thereby removing the prop from under the Southwestern political set-up. This is a golden chance which the 2nd Plenary Session of the C. E. C. to be held next month will do well not to miss.

Should, however, party discipline once more break down and political means avail nothing, the Central Government should not hesitate to launch a punitive expedition against the Southwest. The recurrence of the civil war is deplorable, to be sure, but still more deplorable is the tendency of feudalistic elements to exploit anti-civil-war sentiments for the aggrandisement of their influence. Let the Government, therefore, enter into the contest with courage and put down the Southwestern revolt, for such it is, as soon and with as little bloodshed as possible, just as it had crushed the Fukien secessionist movement in 1934. It is a great pity if the coming struggle should end or interrupt the career of some of the Southwestern military leaders, especially General Pai Chung-hsi, whose ability and integrity are far above the average, but who owing to personal and other reasons cannot see their way clear to a centralized authoritative government in a China harrassed and threatened by a ruthless neighbor. The nation could ill afford to lose their services, but its march toward the goal of a modern unified state must keep on, even without them

Shanghai, June 15, 1936

Britain Will Send Troops from Hongkong to Shanghai in Case of Disturbance

Answering questions put to him in the House of Commons June 16, with reference to the protection of the International Settlement of Shanghai, Anthony Eden, Foreign Secretary, stated that the routine measures for the protection of centers of British interests involved in the present disturbed situation included the holding in readiness, at Hongkong, of a battalion for possible reinforcement of the British garrison at Shanghai, and in the formulation of plans for the despatch, in an emergency, of units of the China Fleet to ports affected. Mr. Eden declined to answer a question based on the hypothesis of Sino-Japanese hostilities except to say that every effort would be made to keep the International Settlement at Shanghai free of all hostilities. Answering questions regarding smuggling in North China, Mr. Eden replied that, generally speaking, the direct effect of smuggling on British trade had hitherto not been substantial because the goods smuggled were generally not of the type usually obtained from Britain. The position, however, was being closely watched.

Mr. Eden stated in reply to another question:—"East Hopei is part of China and, therefore, in the view of His Majesty's Government, under the Central Chinese Government. There has been no recent change as regards the Customs position."

Manchuria No Paradise for Chinese—A Warning from Manchukuo

BY C. Y. W. MENG (孟長泳)

ONE of the many announced reasons, besides the "corruption" among Chinese officials, for the Japanese Kwantung Army's seizure of China's North-Eastern Provinces (Manchuria) was that Japan "would make it a paradise in the Far East for the people," meaning the 30,000,000 Chinese. According to the Japanese accusation, the 30,000,000 Chinese were then under the "mal-administration" of General Chang Hsueh-liang and Chinese officialdom, and were suffering, so it was necessary for Japan to come to the rescue of the Chinese by destroying the mal-administrator, by setting up a "new or enlightened administration," and by creating a "paradise" there. The Japanese Kwantung Army said so; the Japanese militarists in Japan said so, and the Japanese professional propagandists and diplomats in world capitals said so.

After five years of Japanese control, the so-called "new or enlightened administration" has turned out to be more corrupt than the former Chinese administration, where the corruption, dishonesty, squeezing from highest to lowest officials (Japanese) are not only not abolished, but have become more rampant than ever before. The Chinese North-Eastern Provinces have not only not become a "paradise," but have actually become a "hell" for the 30,000,000 Chinese.

We, who are living in this part of the world, do not know much of what is going on among the 30,000,000 Chinese in Manchuria. Due to the strict censorship enforced by the "invaders," no true news could come to us. Due to well organized propaganda work of the invaders in every corner of the globe, the world hears only the one-sided story told by the invaders. Here is an authentic report from a resident in Manchuria, who describes the terrible and miserable conditions of the 30,000,000 Chinese in these North-Eastern Provinces since September 18, 1931.

***

An Eye Witness Account of Brutalities

During these five years, our 30,000,000 brothers have become slaves, and have suffered all forms of brutalities at the hands of the invaders. Every day we hear of the shooting of Chinese; burying of Chinese alive; and arresting or detaining of Chinese. Every day, we see one village after another being reduced to ashes. Even districts near Harbin have met the same fate. In the winter of 1933, by air bombardments and by artillery and machine-gun fire, thousands of persons were killed on many successive days and nights with the corpses piling up in Sen Ku Hsu (三棵樹) near Harbin.

In the winter of 1933, in the Eastern Hills, the invaders happened to see some Chinese wood-cutters, and said to them that "all these are bad fellows." Machine-guns were at once turned on them, causing about 70 deaths.

"In Harbin, Changchun (now capital of Manchukuo), Dairen, etc., whenever it was found that the prisons were too crowded with Chinese prisoners, the prisoners have been taken out, in batches one after another, and shot to death.

The account went on to say that in Harbin, Changchun, Fengtien (Mukden), etc., most of the Japanese own many ferocious dogs, who are trained to eat human corpses. It is alleged that not infrequently the invaders have fed their dogs with Chinese prisoners. The Japanese are quoted as having said, "To feed dogs with beef costs money, but to feed them with slaves costs nothing." When the invaders want to construct railways or highways for military purposes they use any land at will without paying compensation of any kind to the owners of the land. Further, the invaders do not permitt the farmers to plant kaoliang near or on either side of the railway line. They force the local people to organize the so-called "Protecting the Railway Village." In the event of any destruction to the railway, the people of the village are held responsible.

Every group of ten families has to guarantee the conduct of the others. In the event of one of them being suspected of anti-Japanese activities, the other nine families will be held responsible and will receive the same punishment.

Japanese Apply a Chinese Doctrine

Students of Chinese diplomatic history will remember that the doctrine of "joint responsibility" was once applied in China before. But the said doctrine was generally considered as too crude in the eyes of modern jurisprudence, and was one of the reasons for the powers, including Japan, demanding extrality in China. But now, the Japanese apply the same doctrine again. Why should they do something to others which they do not like others to do to them?

Further, the Chinese people are forced to organize the so-called "Youth Corps" to suppress the Chinese anti-Japanese activities. In the districts where the Japanese think that there are some anti-Japanese activities, no people in the nearby districts will be allowed to use knives freely, and only several families are allowed to use one cleaver. Continuing, the same despatch stated that the invaders can arrest any Chinese at will. Any Chinese daring to stand on the streets for a few minutes is liable to be considered suspect and of being arrested at once. Whispering on the streets is also a dangerous thing to do. No less than 3,000 Chinese were arrested in Changchun, and 1,000 others in Harbin, when the puppet—Henry Pu Yi—was enthroned. Neither the Chinese know why they were arrested, nor could the Japanese and Manchukuo police tell why they arrested the Chinese.

"A Slave Education"

The study of the text books on Chinese history and Chinese geography, published by the Commercial Press and other book companies, is no longer possible in Manchuria. No Chinese textbooks are allowed to be used. The study of the Japanese language is made compulsory for all students. Teachers and students are not allowed to ask for leave of absences freely. The teachers of primary schools must stay in the schools all the time, including Sundays. Publication, gathering, etc., is no longer possible. "There is no possibility for the Chinese intelligentsia to participate in any activity," the report stated.

Chinese laborers are compelled to study the Japanese language. When they enter and leave the factories, they must "salute" the Japanese troops as proof of courteous expression toward the invaders. In case the Japanese troops think that their salute is not done in a proper manner, they may punish the Chinese laborers by beating them with their guns, or forcing them to work without giving any wage. The construction of many railways and highways in Manchuria is done mostly by these Chinese "forced laborers." In the winter, many of these laborers who work for no wages die of cold and hunger. The Manchurian Railways are built upon the bones and corpses of our numerous brothers, it was stated.

There is no freedom of residence for the Chinese in Manchuria. In such places where in the opinion of the invaders there are anti-Japanese activities, the invaders simply burn down the near-by villages, and force the Chinese to evecuate and remove to other places where there are more Japanese troops. The purpose is twofold: First, to isolate the places which are supposed to harbor anti-Japanese elements. Second, to prevent the people in the nearby villages from joining the anti-Japanese Chinese camp, and to make it easy for the Japanese to launch an "expedition," for the suppression of the Chinese.

The report closed by saying that not only killing, burning, robbing, etc., are of daily occurrence, but there is another weapon which the invaders use to demoralize the Chinese. That is, opium.

Manchurian Door Closed to All Trade

Another despatch from Manchuria related that the Manchurian door is virtually closed to all trade other than Japanese. Goods on sale are almost exclusively Japanese. The simple reason is that the Japanese goods imported to Manchuria are entirely exempted from all taxes, while there are heavy taxes on Chinese goods imported to Manchuria. The import duty on Chinese tea is 70%. Secondly, the Japanese merchants enjoy immunity from all taxes, while the Chinese merchants have to pay numerous taxes, such as Business Tax, Business Surtax, Income Tax, Land Lease Tax, Commercial Business Tax, Public Health Tax, Public Protection Tax, etc. The tax for all other Chinese is, generally speaking, 10% of their income. As a result of the high taxation and the many "discriminatory treatments," there has been a complete collapse of Chinese business in Manchuria. Only Japanese goods can be seen in the markets. 2,000 Chinese companies have had to wind up their business. 400 former Chinese "distribution agencies" in Fengtien (Mukden) have had to pack up their belongings and go home. Many big factories have been put up at auction; the auctioneers are always Japanese who, taking advantage of the situation, take over the Chinese factories by buying them at cheap prices. The remittances from Chinese merchants in Manchuria to China Proper, which according to the Postal Statistics for 1931 amounted to $20,000,000 to Shantung, and $30,000,000 to Hopei, have all ceased to come, the despatch stated.

***

The above dispatches are only a few of many stories of this kind which have come to our knowledge, which, we believe, when told, will make every one's heart sore. What we have published, short as it may be, is nevertheless sufficient to show that Manchuria, since the day when it was "raped" and "robbed" by the invaders, has become a "hell" for the 30,000,000 Chinese who are now undergoing all forms of sufferings at the hands of the invaders; unparalleled anywhere in the Universe during the present century. Humanity demands that such a state of affairs should not be tolerated, and that world public opinion should be quickly mobilized to relieve the sufferings of these 30,000,000 Chinese.

Nanking, June 12, 1936.

Will the German-Manchukuo Pact Affect German Exports to North China?

BY THE REVIEW'S HARBIN CORRESPONDENT

THE conclusion of a German-Manchukuo commercial pact effective since June 1 is hailed here as the precursor of the eventual *de jure* recognition by the "Nazi" Germany of the puppet Empire. The successful conclusion of this agreement is regarded here as the first step towards rapprochement between Germany and Japan on the basis of common pressure upon the U.S.S.R., which might, it is argued, result in a sort of military alliance between the two Powers against Russia.

Whether it is so or not is difficult to say, but the agreement in question appears to be very difficult to follow in the natural course of business because of the complicated character of its stipulations. It is the product of the effective control of foreign trade and with that of foreign exchange in both countries—Germany and Japan—and in this respect it puts fetters on business transactions never experienced in this part of China.

In conformity with this agreement, the Changchun administration is soon dispatching its first trade commissioner, Hiyoshi Kato, a Japanese, to Berlin, with the task of supervising business transactions between the two countries. According to this agreement, all transactions shall be handled through the Hamburg branch of the Yokohama Specie Bank Ltd., that bank alone having, with only minor exceptions, the right of settling Manchukuo's trade accounts with the Reichbank.

Germany appears to be a peculiar country in many respects, especially in regard to her currency. In the desperate effort to sustain the exchange value of the mark, the Nazi Government is pursuing a purely Soviet monetary policy; according to a decree effective since January 20, the import of reichmark notes from abroad is prohibited, all such notes being regarded as counterfeits even though printed by the Reich government itself. A similar measure introduced by the Soviet Government years ago was jeered by all and sundry as something unheard-of and as a true sign of the near collapse of the entire Soviet financial system. It is rather paradoxical that the Nazis with their bitter anti-Soviet outcries are pursuing exactly the same policy in regard to their own currency.

On the part of Germany, the conclusion of this treaty appears to have been dictated by her strained economic conditions due to the monetary crisis and the necessity of having adequate supply of fats—animal or plant—and that at any cost. In the case of Manchukuo, the German side of trade has always been unfavorable as is seen from the following figures relative to exports to and imports from Germany in recent years (in 1,000 "gobi");—

	1932	1933	1934
Exports	$74,073	$66,395	$53,310
Imports	6,511	10,577	12,507
Excess of Exports	67,462	55,818	40,803

Soya Beans, the Principal Export to Germany

Nearly the entire export of Manchukuo to Germany is made up of soya bean shipments, Germany being by far the biggest consumer of the Manchurian premier product. On an average, nearly half of the entire soya bean production of Manchuria is exported abroad, to Europe, Germany taking about 60-65 per cent of all these exports. These beans are used for the manufacture of edible substances, only 5 per cent of the total imports being put to industrial uses. Bean meal is used as fodder.

Since the advent of the Hitler regime, it is the German policy to straighten out the unfavorable balance of trade with other countries, the Reich even resorting to a "barter" system. Since fats, animal or plant, appear to mean all in Germany and cannot be produced in the country nor can they be obtained anywhere else with any degree of assurance, Germany cannot escape the unfavorable trade situation with Manchukuo, hence the Reich Government has been obliged to set aside a certain, so far undisclosed, fund to finance imports from Manchukuo, principally soya beans.

According to this treaty, every transaction entered into by German or Manchukuoan merchants is to be sanctioned by both governments through issuance of import permits. In applying for these permits, the merchants have to submit full information relating to the goods and specifically the method of payment, whether through the London acceptances or through the Hamburg branch of the Yokohama Specie Bank. Other banks are not, theoretically at least, barred from taking part in these transactions, but their total business should under no condition exceed that of the Japanese bank, which is entitled to handle at least one-fourth of Manchukuo's exports to Germany. Operations of such banks are to be supervised by the Ministry of Finance of the Manchukuo Government.

A noteworthy feature of this agreement is the fact that it affects "districts outside of Manchukuo" (cf. Art. 4 of the treaty) which says that "in case any businessmen connected with Manchukuo desire to import German merchandise for use in any districts outside of Manchukuo, the abovementioned special account must also be utilized." In that case "such businessmen are asked to get in touch in advance either with the Manchukuo Government (Commercial Bureau of the Foreign Office) or the Manchukuo Trade Representation in Germany." The scope of this clause appears to be obscure, and if it is interpreted literally it may even mean the financing of all German exports to East Hopei, North China or Inner Mongolia, provided the exporter happens to deal with Manchukuo, too, a stipulation which can obviously be stretched to any length.

In view of the closing down of all principal German trading houses in Manchuria, which was the subject of a previous report in these columns, it appears that there is practically no German firm which might handle the German-Manchukuo trade as stipulated in the treaty. From this, it appears that all these transactions will be handled between the trade commissioners of both the countries, excluding as far as possible private parties. Likewise, there is no indication as to how the goods of either side are to be carried, presumably only in German and Japanese bottoms, excluding the participation of carriers of other nationalities. In that case, such discrimination will directly affect the interests of other maritime Powers, as Great Britain, Holland and Norway, whose shipping companies have been principal carriers of Manchurian soya beans to Europe.

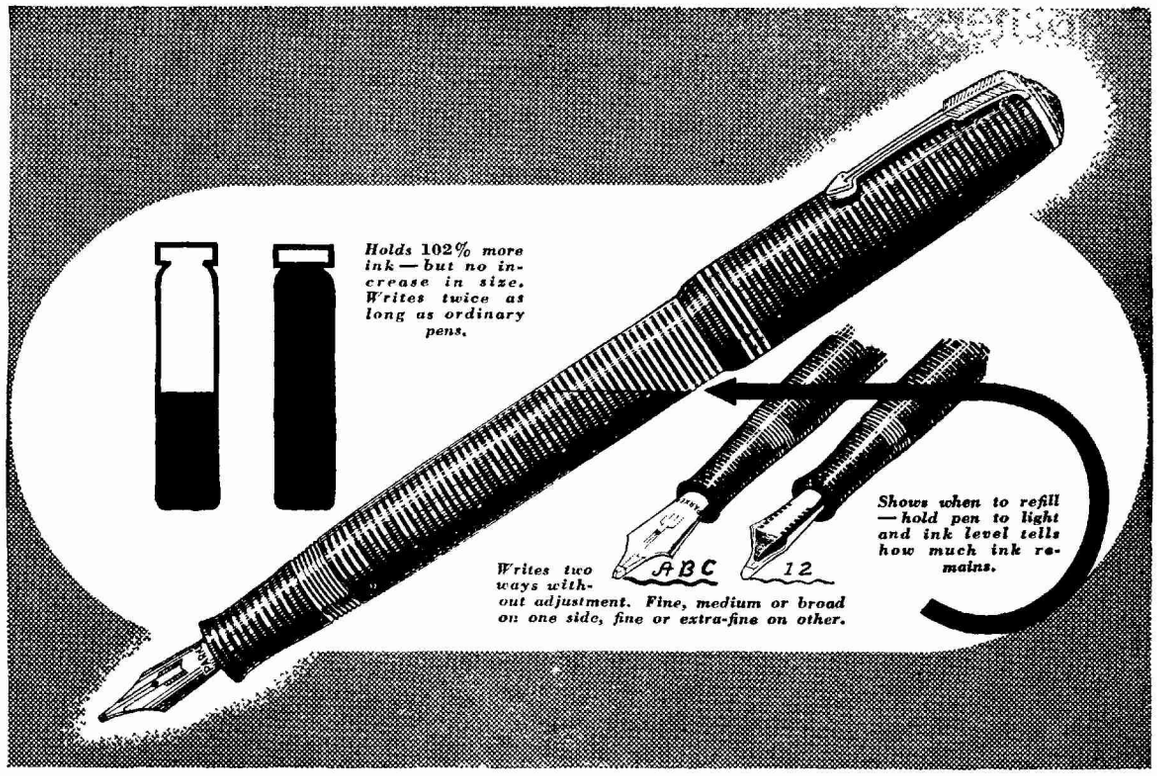
Though the conclusion of this pact is doubtless a diplomatic success on the part of the Japanese Government (as a matter of fact, the Changchun puppets have had the least possible influence in this matter), the picture is not without its own dark side. As is known, Germany is trying to adjust her trade with foreign countries in such a way as to balance it on an even basis. In respect to soya beans, Germany wants to buy them from the Balkan countries with which she has a decidedly favorable balance of trade. This explains, in part, the declining tendency of German imports of soya beans from Manchuria in recent years due to Germany buying this commodity from the Balkan countries and—it should be noted—in increasingly large quantities year after year. If things go as planned by the German Government, trade with Manchukuo should be balanced, establishing a sort of "barter" system, representing the present ideal of the Hitler regime.

Whilst political implications of this "treaty" are yet to be seen, the fact cannot be denied that it is the result of desperate efforts of the Hitler Government to assure an adequate supply of fats and that with the least possible ill-effect on Germany's strained financial situation. It is of interest to note whether German businessmen dealing with Manchukuo will take advantage of financing their exports to "Chitung," North China and Inner Mongolia as provided for in the "treaty"—specifically whether they will attempt to smuggle goods into those territories as their Japanese counterparts are doing now. From the point of view of practical business, it appears to be quite possible, especially if these German goods are landed by Japanese carriers.

Harbin, June 9, 1936.

Lloyds Decides to Curtail Speculative Operations as Result of Budget Incident Loss

One of the results of the leakage of secrets as to the contents of the British Budget has been that the famous London insurance house of Lloyds has instructed its subordinates in future to curtail insurance of a purely speculative nature. Lloyds for half a century has in actual practice been one of the largest betting concerns in the world, odds being taken on anything from the King's state of health to the throat of some famous singer. As a result of the Budget incident Lloyds is stated to have lost millions of pounds, despite the facts that a formal statement had been made that the loss was not large "considering the extent of the company's operations." An enquiry made by the Budget Tribunal came to the conclusion that J. H. Thomas, who had resigned his position as Secretary of State for the Colonies, *had* made an unauthorized disclosure of information to Alfred Bates, head of an advertising agency, and Sir Alfred Butt. Mr. Bates later sent checks to insurance brokers representing the amount of his profits in connection with the insurance which had been written in respect to the Budget. In the meantime Mr. Thomas has also resigned his seat in the House.


Holds 102% more ink — but no increase in size. Writes twice as long as ordinary pens.
Writes two ways without adjustment. Fine, medium or broad on one side, fine or extra-fine on other.
ABC
12
Shows when to refill — hold pen to light and ink level tells how much ink remains.

HOW A MARVELOUS NEW INVENTION

UPSET ALL OLD IDEAS ABOUT FOUNTAIN PENS BY DOUBLING INK CAPACITY AND MAKING THE INK LEVEL VISIBLE

It's impossible to think of fountain pens in the old way once you own a Parker Vacumatic. This amazing new tool of hand and brain completely alters ideas of what pens can and ought to do —

It holds 102% more ink, without increase in size.

It writes *two* ways, without adjustment — on the one side your regular hand, on the other, extra-fine.

It tells when to refill. Through the lovely laminations you can see how much ink remains. No more running out of ink at embarrassing moments.

It sets an utterly new style, for this gleaming pen built ring upon ring of shimmering pearl and jet is a rare and exclusive beauty.

Carry the Parker proudly, for it appeals to all who admire the best. And it transforms writing from a chore to a joy. See the newest models at all good stores. The Parker Pen Co., Janesville, Wis., U. S. A.

Parker Quink — the new ink that cleans as it writes! Won't clog pen — actually dissolves sediment. Good in any pen!

Parker
VACUMATIC

Distributors:
DODGE & SEYMOUR (CHINA), LTD.
51 Canton Road, Shanghai (1)

Presbyterians Quarrel Over Fundamentalism

Two hundred Fundamentalist adherents of the Presbyterian Church, delegates to the Convention of the Presbyterian Constitutional Covenant Union, in session at Philadelphia, June 12, voted to sever connections with the parent denomination, and announced the formation of a new church, the Presbyterian Church of America.

Differences between the Fundamentalist and Modernist groups of the parent church came to a head when a majority of Presbyterians voted to co-operate with other denominations in a worldwide missionary program, a step violently opposed by the Fundamentalists.

Dr. Charles Patton to Retire After 34 Years with Presbyterian Mission in China

Dr. Charles Patton, who for the past 17 years has been Executive Secretary of the China Council of the Presbyterian Mission, and has been engaged in mission work in China for 34 years, will retire from this country next month, due to ill-health. He is scheduled to sail for the United States July 14 and will live in retirement in Pasadena, California. Dr. Patton first came to China in 1899. In 1908 he and Mrs. Patton opened a mission at Kochow. Mrs. Patton, a Doctor of Medicine, ministered to the sick and injured and taught hygiene, while her husband founded 23 chapels, most of them with schools, and placed them on a new self-governing basis which did much to spread Presbyterian Christianity in the region.

Since 1920 Dr. Patton has been engaged mostly in the practical side of mission work, bringing the administration and finances of the various missions under centralized control. His duties in this connection were particularly arduous in 1926-1927 when some 500 missionaries were forced to evacuate their districts and were suddenly delivered to the Mission Council in Shanghai.

The Presbyterian Mission will be at home at 16 and 18 Route Winling, Shanghai, on Friday 5 to 7 p.m. June 26 in honor of Dr. and Mrs. Patton.

"Americans Do Not Dislike Chinese"—A Reply to Lo Chuan-fang

Further repercussions to an article in the *China Critic* two months ago, entitled "American Dislike for the Chinese," by Lo Chuan-fang (which was discussed in *The Review*, May 9), have been heard from a number of directions. *The Critic* of June 17 published an article by Arthur M. Shaw of New Orleans, (U.S.A.) in which the writer put forth evidence to show that "Americans Do Not Dislike Chinese." The writer said he could find no cause for criticism of the data on which Mr. Lo had built his thesis, but he was inclined to question some of the deductions. Mr. Shaw then preceeded to give examples, and commented: "For one people really to like another, there must first be a close acquaintanceship, and, as a people, we have never had an opportunity to become really acquainted with the Chinese."

Another Tragedy Is Being Enacted in China

BY T. S. YOUNG

THE spectre of civil war has once again cast its long and black shadow over China—a country which until recently has been frequently referred to as a hotbed of civil wars. The alarming news regarding the advance of Southwestern forces into Hunan and the imminent clash with the troops of the Central Government have increased the anxiety of our people over the fate of their poor country, which has already degenerated into a very precarious state as a result of the increasing Japanese military pressure in North China. In spite of war denials and peace assurances given out by high officials on both sides, this ominous state of affairs has come to such a pass that only a miracle can arrest the hand of Mars from striking his fatal blow. Can any patriotic Chinese watch these political developments without giving themselves over to despair?

At one time, it was even supposed that these alarming reports had been purposely manufactured by the party which had had a political axe to grind for the purpose of either discrediting China in the eyes of American and European countries, or inciting ill-feelings between Nanking and Canton, or diverting the attention of the world from North China to South China, or causing a panic to China's new currency system. But unfortunately for China and her people, what were branded as wilful rumors have turned out to be nothing but the truth, and the political firmament which appeared cloudless and clear has all of a sudden been dimmed by dark clouds, portending that a fierce storm is in the making.

That Nanking and Canton have professed no love toward each other is a fact which has been known to all. Mutual distrust has driven them to make feverish military preparations for an eventuality, which has long been feared to be inevitable. Peace emissaries have been indeed both assiduous and painstaking in exerting their efforts to bring about a rapprochement between the two factions, but they have not been able to make any improvement of the strained relations. Therefore, the present political developments should not occasion any surprise; but what astonishes us the most is the fact that this outbreak should follow so closely upon the death of Hu Han-min.

Mr. Hu, prior to his sudden demise, was always stigmatized as a stumbling block on the path of national unification, and so his death, it was hoped by many, would hasten the process of rapprochement between Nanking and Canton. The present trend of political changes, however, has given the lie to this hope, and, besides, has confirmed our belief that however influential he might appear to be, he played no important role other than that of a scapegoat. Had he really been a stumbling block, his death would have certainly paved the way for the long-delayed national unification.

Hu Han-min—A Real Patriot

That Mr. Hu was a real patriot can not be gainsaid. He might carry his obstinacy to the point of absurdity, he might lay too much stress upon the principles without giving due recognition to the realities of the situation, and he might also permit his personal prejudices to rule over his good sense of judgment; but he was the last man who would be so unscrupulous as to cause a civil war to be fought for the purpose of gaining his own personal ends. Had he been less patriotic but more selfish, he could have easily instigated many domestic troubles instead of secluding himself in Hongkong and confining himself to the battle of words.

Being a real patriot, Mr. Hu, of course, did not like to see the recurrence of civil wars at the time of acute national crisis. It is possibly, due to his wise counsel and personal influence that the Southwestern military leaders have hitherto assumed a more or less conciliatory attitude toward Nanking. Otherwise, they would have measured swords with Nanking long ago. They, for instance, could easily before have thrown in their lot with the leaders of the 19th Route Army during the Fukien fiasco at the end of 1933. In view of Mr. Hu's devotion and loyalty to his country, we are sure that his spirit can not rest in peace, when his beloved country is being faced with another disastrous civil war, which will certainly lead to its destruction in no time.

The Southwestern leaders may inform the world of the holiness of their expedition, the motive of which is said not to precipitate the country into a disastrous civil war, but to save the country from Japanese aggressions. Under the banner of "Anti-Japanese National Salvation Expedition," their mercenary troops are now marching northward for the alleged purpose of driving away Japanese invaders from North China and possibly also for recovering Northwestern provinces. For the sake of argument, granting their motive is sincere and patriotic, we, however, can not yet see their wisdom in pursuing this bellicose policy, while the Central Government has been at its wit's end to adjust the Sino-Japanese relations through diplomatic channels. This momentous question of war or peace must be decided by the Central Government and not by a few provincial leaders. To force the country to take a course which it is far from being in a position to follow will certainly lead to disastrous consequences. It is rightly said that the existence of the nation and race should not be gambled by a few self-centered men on a momentary impulse.

It is admitted that the foreign policy as pursued by the Central Government vis-a-vis Japanese aggressions is not above criticism. But allowance must be given to the weakness of its position because of its impossibility of forming and presenting a united front against a foreign foe. Had the Southwestern leaders been able to meet the Nanking's overtures half-way and relinquish their independent attitude, China would not have been placed in such a low state as she is in today. As a divided country can not pursue a strong and definite policy, so China in the past has had no alternative but to drift onward aimlessly without having a definite course.

The Southwestern leaders have hitherto assumed the role of a spectator in watching a distant fire. Never have they in the past sincerely proferred their assistance in extinguishing this fire, although it has been raging for a long time and it may also burn down their own houses before long. They listened to the cries of defending Jehol and the booming of Japanese guns in Shanghai without emotion, and were content to tuck their hands in their sleeves without even making a mere suggestion of sending an expeditionary force to North China or Shanghai. Then why should they take an initiative to launch an anti-Japanese expedition at a time when Sino-Japanese relations are admittedly critical, but yet amenable to peaceful adjustments?

Motive of Kwangsi Leaders Open to Suspicion

It sounds rather curious that Kwangsi military leaders should be so enthusiastic in leading this anti-Japanese expedition, when their soldiers are known to have been equipped with Japanese armaments and drilled under the tutorship of Japanese military advisors. With this in view, we can not help believing that the motive of this expedition is not so much to drive away the Japanese invaders from our country as to overthrow the Nanking regime. In this case, the Southwestern leaders have willingly played themselves into the Japanese hands and become the Japanese puppets in another form. They may play on this worn-out anti-Japanese harp, but its music can no longer capture the fancy of their intelligent audience. While our people may complain against Nanking's indefinite foreign policy, they, nevertheless, will not countenance any attempt on the part of malcontent militarists and politicians to start any civil strife in the good name of national salvation for the sole purpose of gaining their personal ends.

The Nanking Government is indeed placed on the horns of dilemma, from which it can not escape unscathed. This anti-Japanese canard, it must be said, has still its appeal to the simple-minded persons. Therefore, if the Government troops in the vicinity of Hunan of and Kiangsi should resist the advance of the Southwestern forces, Nanking will immediately be exposed to pro-Japanese charges and become the target of attacks from many sides. On the other hand, if the Nanking Government assumes a conciliatory attitude toward the so-called anti-Japanese expeditionary forces, the Japanese militarists will certainly raise a big hue and cry in harassing the Nanking leaders. In both instances, Nanking will be drawn into an entanglement, from which it will have difficulty in escaping.

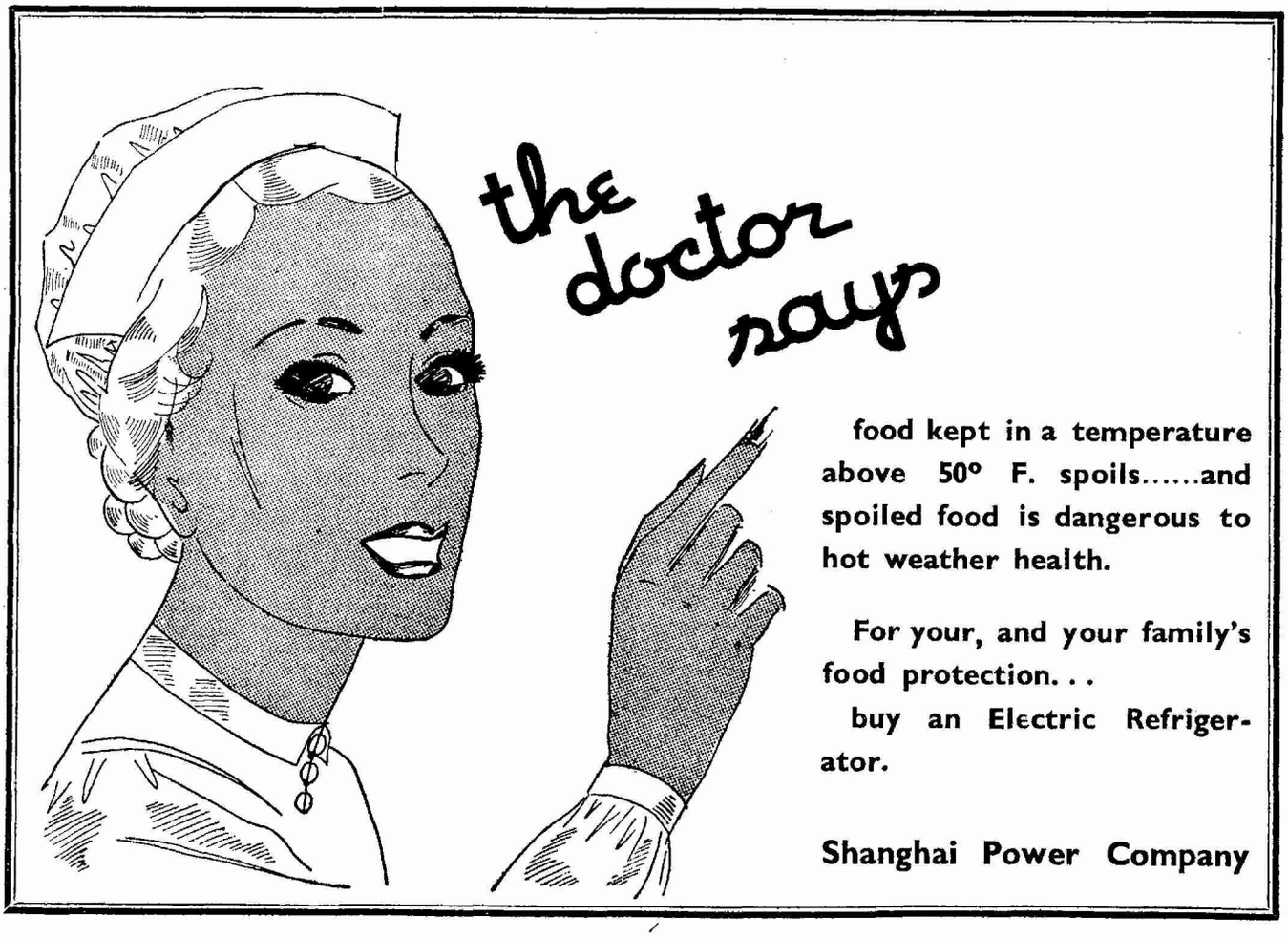
Our national salvation, it must be said, does not lie in empty anti-Japanese cries, but in close rapprochement between various political factions. If the Southwestern leaders are really so patriotic as to be eager to save their country from its present sad fate, they should, instead of launching any so-called anti-Japanese expedition, sink their personal and political prejudices and differences, and co-operate with Nanking leaders in formulating a definite and strong policy to lead China out of her present crisis. To make hollow bellicose gestures will not help the Central Government to resist foreign aggressions, but on the other hand, will only increase its embarrassment and difficulty in conducting the wrecked ship of state out of the stormy ocean.

The policy as pursued by the Southwestern leaders will force the Central Government into either a civil war or a foreign war. At present, China can not afford to have either. We shall still have the difficulty in safeguarding our national existence, "even if we pull the will of the people and the strength of the country together." Therefore, at this eleventh hour, the Southwestern leaders had better give a second thought to their rash act, before it is too late to avert a fate which is now hovering over our country.

Shanghai, June 13, 1936.

China's Labor Delegate at Geneva Makes Attack on Imperialism

China's backwardness in industrial production was attributed by Chu Hsueh-san, the Chinese workers' delegate to the International Labor office, in a speech at Geneva, June 15 to the constant attacks of natural calamity and, externally, to the bondage of unequal treaties and Imperialistic aggression. Mr. Chu denounced capitalistic Imperialists, and drew attention to factory accidents, which, he said, were particularly frequent in the International Settlement of Shanghai.


the doctor says
food kept in a temperature above 50° F. spoils.....and spoiled food is dangerous to hot weather health.
For your, and your family's food protection. . .
buy an Electric Refrigerator.
Shanghai Power Company

China National Aviation Corp. Orders Three Planes in U.S. for Night Flying

Three large airplanes, equipped with sleeping berths and dining saloons, have been ordered by the China National Aviation Corporation from the United States for night flying. The machines are due to arrive in Shanghai end of this month.

The China National Aviation Corporation announced this week that for the convenience its customers, it had arranged with the local Customs authorities that small parcels containing imported goods may be accepted by its offices for air transportation without examination by Customs officers..

Air Line to Connect Chungking and Chengtu

Preparations are being made for the early inauguration of the Chungking-Chengtu air line by the China National Aviation Corporation. The line will include stops at Luchow, Hsuchow, Tseliuching and Chiating along the Upper Yangtsze.

Owing to increasing traffic, the air service from Hongkong to Singapore, at present conducted by the Imperial Airways liner *El Dorado*, will be doubled and extended from the middle of this month to Calcutta.

Japanese Planes Land at Tsingtao Without Permission

Despite numerous Chinese protests against the unauthorized flight of foreign airplanes in the Chinese territory, two Japanese airplanes landed in Tsingtao June 6. The first plane arrived at 11 a.m. from Dairen and left the city after a short stop. The second plane, carrying a Japanese army officer, came from Tientsin at noon. After a short while the machine took off, presumably for Tientsin. The Japanese planes entered the fort without a vestige of formality.

Boeing Pursuit Plane Makes Record Journey Across U. S. in "Blind" Flight

Major Ira C. Eaker, United States Army aviator, landed his tiny Boeing pursuit plane in Los Angeles, June 7 at 1.15 p.m., having made the trip from New York in 23 hours and 10 minutes flying time. Throughout the flight Major Eaker was guided by radio directions from a convoy plane.

Giant U.S. Seaplane Review Held at San Diego

A giant air review, participated in by 400 seaplanes of the United States fleet, took place in San Diego harbor June 6.

China Is Heavy Purchaser of U.S. Airplanes

Foreign governments during the month of May purchased arms and ammunition in the United States to the amount of $5,096,068, the Munitions Control Board reported in Washington, June 10. Of the total amount, the Chinese Government's purchases wers $1,390,102.

Most of China's purchases were in the form of aircraft and parts, which are classified as materials of war under the Neutrality Act. They total $689,465 for the purchase of engines, $566,175 for aircraft, $147,195 for propellers, hulls, under-carriages and other parts, and $25,140 for aerial gun mounts, bomb racks and miscellaneous items. Japan's purchases were chiefly general aircraft, to the amount of $84,822. Argentina's purchases totalled $889,312, those of Yugoslavia $772,500 and thoes of Peru $240,000.

Bessie Owens Flying Around the World

Miss Bessie Owens, piloting her own plane with the aim of flying around the world, arrived in Seville, Spam June 11, from Tangiers. She started from Santa Barbara, California.

U.S. Seaplane Crashes Into Sea in Cuban Waters

Two men were killed June 12 when a United States Navy seaplane plunged into the sea near Guantanamo.

Jack Ware and Edward L. Gosney, aviation machinists' mates of the U.S. Navy, were killed June 11 when the plane in which they were travelling crashed on Back River.

New Lincoln-Zephyr V-12 Shows Great Economy

Exceeding all expectations of Ford officials and Lincoln-Zephyr distributors throughout the U.S.A., the new 1936 Lincoln-Zephyr V-12's continues to make amazing marks in economyt test runs conducted all over the nation. Running between Porcland and Seattle, with newspapermen checking results, two Lincoln-Zephyrs recently gave almost unbelievable mileage for 12-cylinder automobiles. One car averaged 20.84 miles to the gallon of gasoline, the other 18.7 miles. The newspapermen who were verifying the test declared that the average speed was approximately 41 miles per hour for both cars.

The Japanese Hand in the Drive from the South-West

BY THE REVIEW'S HANKOW CORRESPONDENT

THE first open conflict between the Southwest and the Government troops occurred south of Hengchow in southern Hunan province, according to reports here; however it was claimed the initial clash was not serious. For the past five days the military authorities in the Wuhan center have been rushing off troops on all available rolling stock of the Canton-Hankow Railway. The passenger traffic has been completely disrupted, and as a consequence all steamers leaving Hankow are more than crowded. Mails too have been rerouted from rail to steamer.

Several Divisions Have Left Wuhan for the Southern Front

General Ho Chen-chung, Pacification Commissioner of Hupeh, has been having several meetings with his colleagues relative to the present situation. Troops are also moving south from the north on the Peiping-Hankow Railway, but not in any way interfering with the regular traffic of the line. Four full divisions are reported to have left for the southern front in southern Hunan.

Cause of the Open Hostilites Between Nanking and the Southwest

It is an open secret that most well-informed people in Hankow both among Chinese and Westerners discount the sincerity of the Southwest leaders when they talk about the Anti-Japanese complexion of their drive northward. The conviction is growing that the Southwestern leaders are jealous of the Generalissimo, Chiang Kai-shek, and his colleagues, and so they have hit upon the Anti-Japanese project as being the best alibi for starting hostilities. It is quite evident that the leaders have definitely disregarded Nanking's plea for peace. There does not seem to be any way in which the breach can be healed. Most of the Southwestern leaders seem to think that General Chiang Kai-shek has been long enough at bat and that it is some one else's turn now.

Feeling in Wuhan at Present Strongly Against Civil War

Even though there should be a shred of truth in General Li Tsung-jen's contentions and those of his colleagues, Generals Chen Chi-tang and Pai Chung-hsi, still for the peace of the country in the face of the Sino-Japanese crisis in north China, leading Chinese in Wuhan maintain that the Southwest leaders should overlook minor things and join Nanking in making a united front against the encroachments of the Japanese. They maintain, and that quite rightly, that a China rent and torn by civil war at this juncture, would make China the laughing stock of all nations where patriotism is something more than a polite badge worn while attending party meetings. The younger students and clerks are apt to become cynical and throw up their hands in despair? "What's the use of trying to be a nation?"

Persistent Rumors that Japanese Are Behind the Scenes in the Southwest Revolt

Rumors to the effect that the Southwest leaders have eight or more Japanese advisers, come from many divergent sources. Although they cannot be verified, still where so much smoke is there must be at least some fire. Another factor are the loans for the purchase of arms that have been made by Kwangtung and Kwangsi. One rumor has it that arms in the sum of 50 million Chinese Dollars have been purchased. It would not surprise anyone here that the Japanese should seek to throw the world off her scent by making it out that Kwangsi and Kwangtung were actually out to scalp the Japanese, when in reality they were behind the scenes helping Generals Li and Chen get a good start. Such procedure would be in harmony with what the Japanese did in Peiping some weeks ago when the Anti-Japanese student parades were in progress. Young Japanese men dressed up like Chinese had joined up with the Chinese Anti-Japanese parade, shouting slogans against Japan. The obvious reason for such action as here reported is this: To embarrass Nanking, because of her dilly-dallying policy.

Japan Out to Challenge Nanking—"Peace or War"

Japan has been stooping to so many blows below the belt that the world is getting used to expecting anything from the Islanders. One day it is stealing Manchuria, then Jehol, then flooding north and central China with smuggled Japanese goods, and now buying off the Southwest leaders with promises of wealth and luxury, provided they kowtow to the Japanese. Tired of the vacillating policy of General Chiang Kai-shek and Foreign Minister Chang Chun, the Japanese military officials seem to have taken the bit in their mouth fully determined to win their point by adroit maneuvering. If it should prove true that the Southwest is to all intents and purposes another autonomous movement, then the Japanese will have gained much for their pains. It may in that case lead to General Chiang Kai-shek meeting his Waterloo. If he has to fight not only the Japanese but also his own people from Kwangsi and Kwangtung, then he is sunk, unless he can obtain the active support of other foreign powers to offset the preponderant influence of the Japanese.

General Chiang Must Cross His Rubicon

With the Japanese adopting the policy of currying the favor of all factions in China in any way opposed to the Nanking government, it will not be long before they will have large groups in Central and South committed to the Nipponese ideal: "There is no salvation for China except through cooperation with Japan," in other words, to become the handmaid of the Island Empire. Many who were shouting "Down with the Japanese," are now nursing a bad case of hurt pride. "How can we survive as a nation when there are men who will sell their nation for a mess of Japanese pottage?"

Reds Fishing in Troubled Waters

As soon as there is a movement of troops away from this center the Red groups in the mountain areas in northeastern Hupeh become restive. Last week a group of 500 or more crossed the Peiping-Hankow Railway somewhere between Hwayuan and Siaokan, north of Hankow, and headed westward on a wild rampage. Villages were looted and burned, towns entered and looted. Not far from Anlu one of the buses of the regular Laohokow-Hwayuan bus line was captured on Friday the 5th of June and several Chinese were killed, the car burned, and one foreigner, Rev. S. Samset of the Norwegian Lutheran Mission of Laohokow, northwestern Hupeh, was taken prisoner. He is now thought to be in the northeastern part of Hupeh, near the old haunts occupied by the Reds who held Rev. Bert Nelson captive for so many years.

Rev. Carlson Seeks to Negotiate the Release of Samset

As soon as it became evident that Rev. Samset had been captured by the Reds, the Lutheran Mission in Laohokow authorized Rev. Carlson to seek to effect the release of his colleague. Some progress is being made and a Chinese is reliably reported to have made contact with the missionary. He states that the Rev. Samset is faring badly. Being a man up in years and the hot season impending, everything is being done to bring pressure to bear on the authorities in the localities visited by the Reds. Government troops are being used to pursue the fleeing Red army. But the Reds have their prey now and are asking a ransom of $7,000, of which $5,000 is to be in cash and the balance in some special kind of goods. That the mission will do in the matter is not known. Needless to say everyone is hoping for the early success of the efforts of Mr. Carlson.

Otherwise Situation in the Province is Somewhat Brighter

Except for the threatening floods along the Han River, especially near the Yao Dike, which recently caved in along a 1,500 meter stretch, the rest of the province is having peace and quiet. Smaller bands of robbers have been trying to harass the railway line north of Hankow, but no large groups have yet appeared, until the Reds lifted up their heads last week. If more troops are sent away from Hankow, the situation may grow worse.

Hankow, June 15, 1936.

Is Nanking Preparing an Offensive Against the Southwest?

BY THE REVIEW'S CORRESPONDENT AT HANKOW

"TWENTY trainloads of troops a day are pouring into southern Hunan," is the verbatim report of a foreign eye-witness from southern Hunan, describing Government troops ordered to meet the northbound troops of Kwangtung and Kwangsi, June 8-12. From north of Hankow they have come by the trainloads since last Friday, the 12th of June,—from Sinyangchow, Honan, and other points along the Peiping-Hankow Railway. Every arm of the service is represented, cavalry, artillery, and infantry, with the latter predominating. The troops seem to be in good condition and for the most part well-dressed. Yesterday the majority of the soldiers wore their quaint conical straw hats to keep from getting wet, the broad rims acting as excellent umbrellas. At Kiangan station, Hankow, the incoming troops disembark, cross the Yangtze river on a ferry and then board the waiting trains for Changsha and points south in Hunan province.

Why Such a Tremendous Movement of Troops?

Never before have more Government troops entered Hunan province for this purpose. What can be the reason? Generalissimo Chiang Kai-shek has been wooing Hunan and General Ho Chien. It would appear that he has been successful so far in the present crisis. But in order to back up the Hunanese troops, should Kwangtung and Kwangsi start fighting, the Generalissimo has ordered his trusted colleagues in Honan and Hupeh to move as many soldiers to southern Hunan as are available.

The other reason is a simple one, to crush the power of the Southwest before it gets a chance to grow and develop. The technique employed now is somewhat like that used in quelling the Fukien Rebellion a few years ago.

Chiang Kai-shek Waving the Big Stick

Believing with many military men that the best defensive is a strong offensive, General Chiang Kai-shek is taking no chances. He is pumping soldiers into Hunan as fast as he can. The Canton-Hankow Railway recently opened has already had its christening of fire, for the clash last week was more serious than was at first realized. It seems that the Southerners fared badly and that is supposed to be one of the reasons for their retreat. However,

NOW
75 *cents*

HAZELWOOD ICE CREAM IS AS GOOD FOR YOU AS IT IS DELICIOUS

Telephone 34555
Your order will be relayed to the
Hazelwood dealer nearest you.
He will make prompt delivery.

there are at least three important centers in southern Hunan reported still in the hands of the invading Kwangtung-Kwangsi forces, Yungchow, Chenchow, Ichang. Rumor has it that the Government forces will take the offensive and seek to inflict a decisive defeat on the recalcitrant troops of the Southwest. Through careful manipulation of troops in Hunan, southern Kiangsi and in Fukien, the Generalissimo hopes to lengthen considerably his own military and political career and to spare the country from divisive elements. He is striking while the iron is hot.

Having gained control of Kweichow and Yunnan and Szechwan, the Generalissimo is loath to let anything pass away from him. All authority in China should be under his thumb, and the financial problems of the Southwest should be solved by Nanking taking over the currency of the whole region.

Urging Canton to reconsider its ways, the faculty members of the National Wuhan University, organized into a National Salvation Association, wired the political and military leaders of the Southwest, including Generals Chen Chi-tang, Li Tsung-jen, and Pai Chung-hsi. The same group sent a telegram to the national government at Nanking calling upon the government leaders to ask the Southwestern leaders to desist from fighting, and to cooperate with the Nanking group in fighting the common foe, Japan. The Association urged the National Government to adopt a drastic policy in order that the intolerable Japanese aggression may be removed even though it might become a "bitter struggle."

Educationalists and Laborites Decry Civil War

Both the Hupeh Provincial Educational Association and the Labor Union of the Peiping-Hankow Railway have sent telegrams "demanding the suppression of the military action of the authorities of Kwangtung and Kwangsi for the sake of maintaining peace and unification."

The general feeling is one of expectancy. No alarm is felt here in Hankow, since the strength of Nanking seems to be sufficient to cope with the present situation. Confidence in General Chiang Kai-shek is not broken and the great majority of citizens in the Wuhan center think he will come out victorious from this crisis, too.

Discontent of Generals Li Tsung-jen and Pai Chung-hsi

Repeatedly one hears the same story of why Generals Li and Pai are discontented. They were in the center of things in 1926-27, when the Southerners captured Hankow. Since General Chiang Kai-shek has harvested most of the plums since then and deprived these two men of their richest windfall, it would not be more than human if these soldiers of fortune should seek to steal some plums out of the Generalissimo's garden. General Chiang Kai-shek perhaps feels that now is the right time to nip in the bud any incipient plot to dethrone him. It would surprise everyone here in Hankow if he did not fight the Southwest with every means at his disposal, diplomatic, political, and military. If a resort to armed force proves to be the only way out, there will be the armed arbitrament of civil war. And the stronger will issue victorious.

And in the Meantime . . . Japan

While the attention of the Chinese people is being called to events transpiring south of the Yangtze, the Japanese operating in north China have a free hand and are no doubt making the most of the opportunity to feather their nest. How convenient to have all surplus troops removed from north China! "Divide et impera." Did the Japanese learn this from the Romans, or has it always been their policy? Southwestern Anti-Japanism is not too bad, even for Nippon.

Hankow, June 15 1936.

Paintings of Kao Chien-fu to Be Exhibited June 24 to 28

Great interest is being taken in local art circles in an exhibition to be given June 24 to 28, inclusive, in the International Club, 722 Bubbling Well Road, Shanghai, of some 200 paintings by Kao Chien-fu, Professor of Fine Arts of the National Central University, Nanking, which will be shown in addition to a remarkable collection of old Chinese paintings. The sponsors for the event are :—Sun Fo, President of Legislative Yuan; Dr. Tsai Yuan-pei, President of Academia Sinica; Mayor Wu Teh-cheng; Chinese Women's Club of Shanghai; *The China Critic*; *The T'ien Hsia Monthly*; *Yu-Chou-Feng Fortnightly* (Chinese); *Yih-Ching Fortnightly* (Chinese); and Chun-Sui Institute of Fine Arts.

Brochures have been issued containing half-tones of some of the more important paintings. The current issue of *T'ien Hsia Monthly* states : "Mr. Kao has steeped himself through and through with the best traditions of Chinese painting. Like all Chinese painters in the past, he began his apprenticeship by first doing a good deal of copying of the old masters. But Mr. Kao has also spent many years in the study of Japanese, Western and Egyptian art. Although his paintings are essentially Chinese, yet there are to be found in them many elements (perspective, for example,) which are not discoverable in old Chinese paintings; these he has learnt from his studies of the art of many lands."

Japan's Adverse Balance Reaches Highest Figure in Seven Years

For the first time in seven years, Japan's aggregate unfavorable trade balance, since the beginning of the year, exceeded Yen 300,000,000, on June 10. This was brought about by a Yen 13,000,000 excess of imports over exports in the last ten-day period. Experts contended that the phenomenon was not indicative of a tendency, but rather a temporary reaction to the favorable results of the last ten days in June when the unfavorable balance was only a little over Yen 1,000,000. In support of their theory, they pointed out that there had been a general decrease in imports, with beans, iron and lumber alone exceeding their respective amounts for the previous decade. Exports showed a marked decrease throughout, with the exception of raw silk, silk textiles and knitted goods.

Raw cotton, valued at Yen 22,794,000, stood at the head of Japan's foreign trade in the first ten days of this month, the Finance Ministry announced June 10. The total trade totalled Yen 146,909,000, with the imports and exports valued respectively at Yen 80,064,000 and Yen 66,845,000. The unfavorable balance for the ten-day period amounted to Yen 13,219,000, bringing the total unfavorable balance since the beginning of the year to Yen 301,304,000.

President of Minseito Party Wants to Form East Asia Economic League

Formation of an economic league of East Asiatic nations, to enable the latter "to get along together without purchasing goods in Europe or America" was advocated by Chuji Machida, President of the Minseito party and former Minister of Commerce and Industry June 10. The suggestion was made at a dinner honoring Minseito members who are leaving to investigate conditions in the South Seas and along the Soviet-Manchukuo borders, and others who will attend the World Parliamentary Congress in Brussels and the annual session of the Institute of Pacific Relations in Yosemite, Calif., U.S.A.

Commenting on the customs barriers set up by foreign countries against Nipponese goods, Mr. Machida expressed his belief in the need for strengthening trade ties between Japan and the Pacific countries, including Annam, the Straits Settlements and the islands of the South Pacific. Noting that Japan's relations with Manchukuo were "inseparable," Mr. Machida emphasized the importance of making these relations harmonious. Japan's relations with the nations of the Asiatic continent, he declared, are a "matter of life and death" to her, and cannot be viewed from the economic point of view alone, in this respect differing from the position of the United States and Great Britain.

Anxious to prevent a decline in Japan's foreign trade, the Foreign Office will call a meeting of the Trade Council on June 22 to examine the nation's commercial policies The body consists of representatives of the ministries concerned with Japan's trade and and leading businessmen. Meanwhile, the powerful Japan Economic Federation has begun a study of measures to deal with trade barriers checking Nippon's trade with foreign countries.

As the first step in this direction, the Federation has invited foreign commercial attaches stationed in Tokyo to discuss measures for breaking down the tariff walls now choking world trade.

Kanegafuchi Mill Workers to Receive Full Pay During Military Service

Effective June 2 all employees of the Kanegafuchi Cotton Spinning Co., major concern of its class in Japan, will receive full pay while serving with the army. Those who are forced to leave their work to answer summons for physical examinations and periodic reservists' roll-calls will not only receive full pay but will also be granted bonuses, as if they had never been absent. Those who go to camp or join the colors for long periods, however, will receive their pay but not bonus.

Afghanistan Asks for More Japanese Advisers

A *Domei* message from Tokyo June 11 stated that successful work done in Afghanistan by two Japanese experts has recently brought a request from the Kabul Government for the loan of of two other Japanese advisers on agriculture and public works.

Japan to Change Tariff System

Adoption of a tariff system based on the principle of reciprocity, to enable Japan to cope quickly and effectively with foreign efforts to curb the imports of Nipponese goods, is being considered by the Tokyo Finance Ministry. The Exchequer officials were also reported to be planning drastic changes in the system of computing tariff rates.

Japan May Have Minister Without Portfolio

Opinion favoring the appointment of a minister without portfolio, to assist Premier Hirota in his manifold tasks, is gaining ground in Tokyo Government circles. The new appointee's main task would be to take charge of the Cabinet's Bureaus of Legislation, Investigation and Resources.

Gaimusho Preparing for Trade Talks with N.E.I.

With the bitter feud between Japanese and Netherlands shipping concerns brought to an end June 10 with the signing of an agreement, Gaimusho officials immediately began preparations to resume negotiations for the settlement of all trade differences between Japan and the Netherlands East Indies.

Admiral Expected to Govern Formosa

With the expected resignation of Kenzo Nakagawa, Governor-General of Formosa, the Navy Office is pressing for the appointment of an Admiral as his successor. Admiral Seizo Kobayashi, I.J.N.R., and Admiral Kichisaburo Nomura, member of the Supreme War Council, are generally regarded as the leading candidates for the post.

Population of Japan Increases at Rate of 117 an Hour

Japan's population showed an average natural increase of 117 persons an hour during 1935, vital statistics compiled by a central government bureau in Tokyo revealed June 13.

Japan Envoy Refused Entry Into Ethiopia

Permission to enter Ethiopia has been refused by the Italian military authorities to Shunsuke Asada, the newly appointed Japanese Charge D'Affaires in Addis Ababa, the latter reported to the Tokyo Foreign Office from Port Said June 15. The permission, according to the report, was withheld on the ground that the Ethiopian Government to which Mr. Asada was accredited no longer exists.

Arita Warns Against Suspecting Foreign Visitors

Giving vent to a general sentiment of Japanese coming in contact with foreign visitors, Mr. Arita, Foreign Minister, June 15 warned prefectural governors against "suspecting aliens just because they are aliens." "Should a foreigner clearly violate our laws, it goes without saying that he should be severely prosecuted," Mr. Arita declared. "But I want to warn you specially against taking measures against a visitor lightly, without concrete evidence of his wrongdoing. That is incompatible with the dignity of a great nation." The Foreign Minister emphasized that this rule applied especially in the case of diplomatic representatives. At the same time Mr. Arita deprecated the practice of treating foreigners with undue respect merely because they were aliens.

Addressing the governors gathered in Tokyo June 15 for their annual conference, Mr. Arita reviewed Japan's diplomatic relations. "The guiding principle of Japan's foreign policy," he said, "consists in safeguarding our national existence, coupled with the development and the promotion of friendly relations with foreign countries so as to achieve our nation's duty as a stabilizing force in East Asia, on the basis of our inseparable relations with Manchukuo."

⁂

Japan Plans to Increase Production of Artificial Wool

Owing to the trade war with Australia, Japan will limit its purchases of wool from that country, which is the principal source of supply of said textile. As a substitute the Japanese intend to greatly increase the manufacture of what is officially known as staple fibre, but which will be recognized by the average reader more readily by the name "artificial wool," which is a synthetic product in the manufacture of which practically the same process is used as in making artificial silk, officially known as rayon. An Osaka message to the *Tokyo Jiji* June 5 stated that the Japan Nitrogen Company has decided to establish a powerful staple fibre manufacturing company by utilizing the surplus power of the company's Choshinko hydro-electric plant in Korea. The Japan Nitrogen Co, has already undertaken the manufacture of staple fibre at the Asahi-Bemberg repair factory, one of its affiliates, but the establishment of the fibre company constitutes launching in real earnest on the fibre enterprise on the part of the Japan Nitrogen Co. The new company will be capitalized at Yen 20,000,000, to develop a daily productive capacity of 3 to 5 tons. The company may extend its enterprise to the production of pulp in Manchuria and manufacture of ordinary rayon.

Later advices from Tokyo stated that seven rayon firms, the Toyo, Kurashiki, Tokyo, Nihon, Teikoku and the Daini Teikoku Rayon Manufacturing Companies and the Asahi Bemberg, expect to produce at the end of this year 68 tons of staple fiber a day. The Nitto Spinning Company, Ltd. is also expanding its production of fiber, expecting to increase its daily capacity to 20 tons by the end of September. Eighteen other Japanese concerns are also installing special machinery, which will enable them to produce 106 tons of fiber daily by the end of this year.

Discussing the wool situation, the *Japan Chronicle* recently commented: "The Japanese now demand the manufacture of an artificial wool. There is no great originality in this, as Mr. Hitler appeared in a staple-fibre suit lately, and Germany is said to have overcome the wool difficulty synthetically. Indeed, it is running into years since it was discovered that rayon, cut into lengths and spun, made, when subsequently woven, a cloth bear-

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st January, 1936 and until further notice.

41 Ordinary 1 2 3	3 Ex. D 1 2 3	23 Fast D 1 2 3	301 Ex. SD 1 2 3	5 Ex. D 1 2 3	333 Ex. SD 1 2 3	1 Ex. SD 1 2 3	Down Trains	MAIN LINE STATIONS	Up Trains	2 Ex. SD 1 2 3	302 Ex. D 1 2 3	6 Ex. SD 1 2 3	14* Goods & Pgr. 3rd only	42 Ordinary 1 2 3	4 Ex. D 1 2 3	24 Fast D 1 2 3	306 Ex. SD 1 2 3
5.45	9.30	13.00	15.35	17.10	20.00	21.15	dep.	Peiping.....	arr.	9.25	10.00	11.38		17.40	18.25	22.30	23.15
6.04	—	13.16	—	—	—	—	,,	Yung-ting-men.....	dep.	—	—	—		17.23	—	22.15	—
6.20	10.00	13.30	16.00	—	20.26	21.40	,,	Fengtai.....	,,	9.02	9.36	—		17.05	18.03	22.02	22.50
6.44	—	13.48	—	—	—	21.58	,,	Huang-tsun.....	,,	8.43	—	—		16.37	—	—	—
7.39	—	14.37	—	—	21.20	22.38	,,	Lang-fang	,,	8.03	—	—		15.41	—	20.54	21.51
8.03	—	14.53	—	—	—	22.55	,,	Lao-fa	,,	7.43	—	—		15.20	—	—	—
8.36	—	15.20	—	—	—	23.16	,,	Yang-tsun	,,	7.21	—	—		14.50	—	20.19	—
9.14	11.44	15.47	17.51	19.10	22.24	23.42	,,	Tientsin Central ...	,,	6.50	7.45	9.40		14.14	16.10	19.55	20.54
9.23	11.52	15.55	18.00	19.18	22.32	23.50	arr.	Tientsin East	dep.	6.45	7.35	9.30		14.00	16.00	19.45	20.45
9.35	12.05	16.05	18.20		23.00	24.00	dep.	Tientsin East	arr.	6.30	7.05		11.45	13.46	15.48	19.32	20.15
10.38	13.04	17.06				1.01	,,	Tang-ku	dep.	5.30			10.10	12.46	14.55	18.35	
11.46	14.00	18.13		Stop		2.07	,,	Lu-tai	,,	4.26				11.41	14.00	17.26	
12.34	—	19.00	FOR SHANGHAI		FOR PUKOW	2.58	,,	Hsu-ko-chuang.....	,,	3.30	FROM SHANGHAI			10.45	—	16.34	FROM PUKOW
12.52	15.00	19.18				3.15	,,	Tang-shan.....	,,	3.15				10.30	13.05	16.20	
13.06	15.11	19.29				3.30	,,	Kaiping.....	,,	2.55				10.10	12.51	16.07	
13.39	15.35	19.54				4.03	,,	Ku-yeh.....	,,	2.30				9.44	12.34	15.50	
14.29	16.07	20.28				4.53	,,	Lan-hsien	,,	1.32				8.45	11.55	15.07	
15.32	16.49	21.18				5.59	,,	Chang-li	,,	0.31				7.40	11.14	14.22	
15.56	—	21.37				6.24	,,	Liu-shou-ying	,,	0.01				7.12	—	13.59	
16.11	17.17	21.50				6.42	arr.	Pei-tai-ho	dep.	23.42				6.54	10.43	13.45	
16.16	17.22	21.55				6.47	dep.	Pei-tai-ho	arr.	23.37				6.49	10.38	13.40	
16.43	17.42	22.17				7.16	,,	Chin-wang-tao.....	dep.	23.09				6.25	10.20	13.20	
17.05	18.00	22.35				7.40	arr.	Shan-hai-kwan.....	dep.	22.40				6.00	10.00	13.00	
						8.20	dep.	Shan-hai-kwan.....	arr.	22.00							
						16.40	arr.	Shen-yang(Mukden)	dep.	14.00							

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket on which they intend to claim refund.

*1st and 2nd class composite car attached on days when steamer connects.

Tientsin, 1st January, 1936.

BY ORDER.

ing a great resemblance to wool. Some objections were raised to calling it artificial wool, though on what grounds was not very clear except that it seemed incongruous that the same pulp that produced artificial silk, and was producing some delustered stuff that one might call artificial cotton, should also be called artificial wool. However, pulp goes on its conquering way. They are cutting down forests and making the pulp cheaper, and producing a growing variety of textiles, till we shall soon be clothed, curtained and upholstered entirely in wood."

Australia Asks for Delay in Opening Trade War Threatened by Japan

A request to refrain from opening trade hostilities against Australia until the Canberra Cabinet reaches a decision on the current Japanese-Australian customs controversy was made by Sir Henry Gullett, Australian Minister of Trade and Customs, to Kuramatsu Murai, Japanese Consul-General in Sydney, June 11.

Tokyo Treasury Formulates Flexible Tariff System

Tokyo Treasury officials were busy this week formulating a tariff system which would enable Japan either to retaliate immediately against any foreign hostile trade move or to establish a preferential treatment for newly acquired markets.

Foreshadowing the opening of commercial hostilities between Japan and Australia, the Tariff Commission June 12 decided to invoke the Trade Safeguarding Law against the Dominion.

Official reports received in Tokyo from Santiago stated that a Chilean trade mission would visit Japan in July to sell wool.

Nanking Journal Hopes for Concession from Italy—Praise for Count Ciano

Hope that he will initiate negotiations for a revision of "unequal" Sino-Italian treaties and the rendition of the Italian Concession in Tientsin was expressed by the independent *Hsin Chin Jih Pao* of Nanking in an editorial on the appointment of Count Galeazzo Ciano, former Minister to China, as Italian Foreign Minister. In view of Count Ciano's thorough understanding of the Chinese Government's policy and conditions in the Far East, the Chinese people are confident that he will have sympathy with China's aspirations, the journal said.

Vincenzo Lojacono, Italian Ambassador to China, paid a hurried visit to Nanking, June 16. He called on General Chang Chun, Minister of Foreign Affairs, and returned the same day by the midnight express.

Another Revolution in Nicaragua—United States Not to Intervene

Nicaragua is once more in the throes of civil strife, but on this occasion the indications are that no United States forces will be sent there, as was done by former Administrations. At that time the leader of the rebels was General Sandino, who during the occupation of the principal cities of the country by the U.S. Marines remained in the mountain fastnesses. One of the first acts of President Roosevelt on taking office was to order the U.S. forces out of Nicaragua, in accordance with his "good neighbor" policy. Immediately after the American forces left, General Sandino marched into Managua, the capital. He was murdered about a year later by a soldier of the National Guard.

The current upset in the Nicaragau Government commenced on June 4 when General Somoza of the National Guard, leader of the rebel troops, delivered an ultimatum demanding the immediate evacuation of the Managua forts, held by soldiers and civilian partisans of President Juan Sacasa. President Sacasa, who had just had conferred on him the Order of Brilliant Jade with red cravat and white border, by the Nanking Government, almost immediately surrendered, for the moment, however, retaining the palace. General Somoza stated that what he principally wanted is control of the army.

Dr. Sacasa's Vice President, Rodalfo Espinoza, visited Shanghai and other points in the Far East two years ago.

Accord on Factory Inspection in Shanghai Foreign Settlement Draws Nearer

Recent conversations between Sterling Fessenden, Secretary General of the S.M.C., and O. K. Yui, Secretary General of the Municipality of Greater Shanghai, have resulted in a verbal understanding on several points, regarding the settlement of the factory inspection issue in the Shanghai Foreign Settlement, according to the Chinese press.

The basis of the agreement worked out by Mr. Yui and Mr. Fessenden, who have been talking over the issue for over two years, will be referred to Nanking and the Municipal Council for approval. The draft agreement made between the two officials will be first sent to the Ministry of Industry for study. When the draft agreement returns to Shanghai, it will be set before the Council for adoption.

Hope is expressed in official circles that the final form of the agreement will come up for discussion at the Shanghai Municipal Municipal Council meeting on June 24.

Peiping Police Order Dissolution of Student Bodies

Dissolution of all radical student organizations, such as the Student National Salvation Association and various propaganda groups, was demanded June 16 by the Bureau of Public Safety in Peiping in an order to the local school authorities.

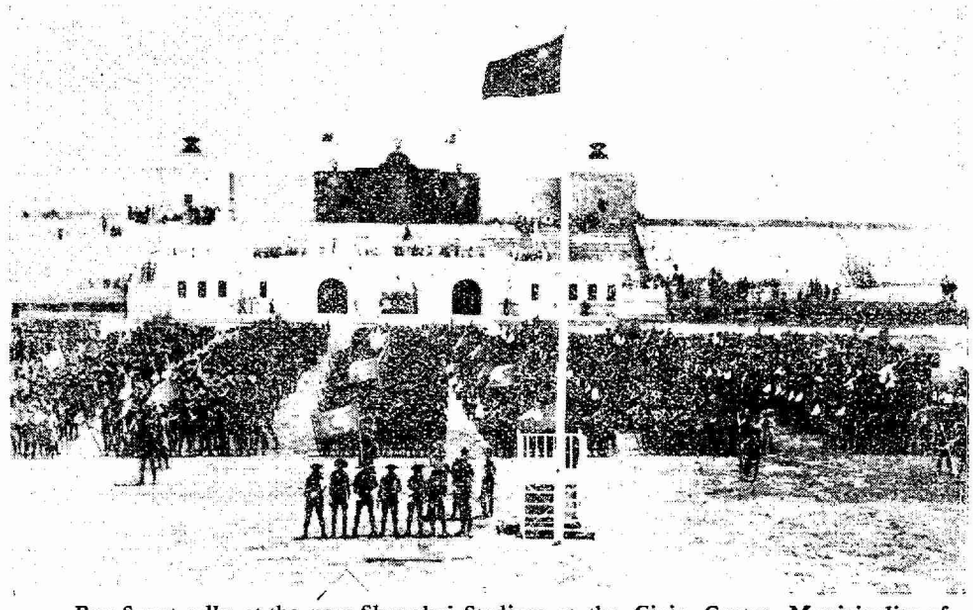
The order, it is generally believed, is a result of the anti-Japanese student demonstration last Saturday, which was followed by a visit to the Mayor, General Chin Teh-chun, by a Japanese military representative, who "drew his attention" to the subject.

Clashing with the guards of the Public Safety Bureau, more than 1,000 students of various universities and colleges in Peiping paraded through the city June 13 in a demonstration of protest against civil war and the strengthening of the Japanese Garrison in North China. The demonstration began without warning at 9 o'clock in the morning. Several students and policemen were injured and more than ten youths were arrested, as a portion of the demonstrators resisted the efforts of the police to disperse them.

The Peiping police the following morning released most of the 27 youths arrested in various parts of the city during the anti- Japanese demonstrations.

Peiping school authorities were requested this week by the Public Safety Bureau to furnish the names of student leaders to enable the police to take appropriate steps in case of future demonstrations. Meanwhile, the students of the Yenching, Tsing Hwa, and Peiping Universities and the Normal School continued a three-day strike. The walk-out was declared June 14 as a sequel to last Saturday's anti-Japanese demonstrations at Peiping. The failure of the police to prevent the demonstrations was brought to the attention of Gen. Chin Teh-chun, Mayor of Peiping, the same afternoon by a representative of Major-Gen. Takayoshi Matsumuro, chief of the Japanese Military Special Service Division in Peiping.

SHANGHAI STUDENT SCOUTS AT NEW STADIUM



Boy Scout rally at the new Shanghai Stadium at the Civic Center, Municipality of Greater Shanghai. More than 7,000 Boy Scouts from the Shanghai District were reviewed by Mayor Wu Teh-chen. Julean Arnold, U. S. Commercial Attache, also participated in the review as the guest of Mayor Wu.

On this occasion there was displayed for the first time the pictures of the "Triumvirate" of the National Government, otherwise the late Dr. Sun Yat-sen, father of the Nationalist movement, together with pictures of Marshal Chiang Kai-shek, Chairman of the Executive Yuan and Lin Sen, President of the Government.

Secretary of Tientsin Students National Salvation Association Explains Aims of Students

A speech was made by C. P. Chen, secretary of the Tientsin Students' National Salvation Association last week, outlining the motives of the strike of the students and the purpose of the student movement. Mr. Chen explained that the students could use their intellectual power to arouse the public, which has the real power. He showed how the country was being brought under the heel of the invaders and stated that the students wished to urge upon the National Government to resist the aggression of the Japanese by armed force.

Peiping Educationalists Entertain Gen. Sung Che-yuan

A dinner in honor of General Sung Che-yuan, Chairman of the Hopei-Charhar Political Affairs Committee, was jointly given by Dr. Chiang Mon-lin, President of the National Peking University; Dr. Li Cheng, President of the National Peiping Normal University; Dr. Hsu Sung-ming, Acting President of the National Peiping University; and Dr. Mei I-chi, President of the National Tsinghua University, at Peiping June 10.

Schools Teachers in Hsuchow Resume Classes

The teachers in the Hsuchow public schools, who had gone on strike for several days, resumed teaching June 9, after having been assured of two months' back salaries before the coming Dragon Festival.

Party Principles and Civics to Be Included in Examinations

Complying with the petition of the Chekiang Provincial Department of Education, the Ministry of Education issued an order June to the various colleges and universities throughout the country, requiring that both Party Principles and Civics be included as subjects for the entrance examination in the next academic year, beginning September

Seventeen Universities Designated to Conduct Summer Courses

Measures announced by the Ministry of Education for the training of primary and middle school teachers require that al teachers are required to take turns in attending summer courses to be conducted by well-known universities, such training to start beginning this summer vacation. Seventeen universities, both government and private, have been designated by the Ministry to take up the job of training high school teachers.

For the benefit of teachers in agricultural colleges, the Ministry of Education has arranged with the Central Agricultural Experimental Station, the Agricultural Colleges of the Central University and the University of Nanking, to open summer courses on general farming subjects and sericulture.

All provincial or municipal agricultural schools are required each to send from one to three of its teachers to attend these summer courses, which will be conducted by both foreign and Chinese experts. These courses will last for five weeks and will be given at the Central University in Nanking.

Tientsin Schools Urge Peace

Twenty-seven schools and colleges in Tientsin this week jointly addressed three separate telegrams to Gen. Chiang Kai-shek, President of the Executive Yuan, Gen. Sung Chen-yuan, Chairman of the Hopei and Chahar Political Council, and Southwest leaders, strongly urging peace.

In response to the Anti-Japanese campaign led by the Southwestern authorities, 500 students at Nanking staged a demonstration June 10. Parading through the main thoroughfares, the students finally reached the Japanese Consulate Building, where they shouted anti-Japanese slogans such as "Down with the Japanese" etc. A squad of police hurried to the scene and dispersed the student mass after considerable persuasion.

Protest Follows Student Demonstration in Nanking

The Japanese authorities at Nanking June 10 filed a vigorous protest with the Waichiaopu over a demonstration staged in front of the Japanese Consulate-General in the Capital by about 1,000 Chinese students at noon on said date.

Chinese gendamres and police dispersed the mob which was shouting anti-Japanese slogans before the students were able to enter the consular compound.

The Japanese demarche also asked for measures to prevent the recurrence of such incidents.

Meantime, anti-Japanese sentiment, stirred anew by the circular telegram issued by the Southwest authorities, was in evidence in various quarters, with public bodies planning to issue resolutions condemning Nippon.

China Has 110 Colleges and Universities

According to an announcement made by the Ministry of Education June 10, during the academic year 1934-5, China had a total of 110 colleges and universities, with an aggregate enrollment of 41,768. The total of the faculty members of these institutions of higher learning was 10,574, and the total number of graduates in that year was 622.

Clear, life-like pictures
with this **FAST-ACTING** *Film*

When you have Kodak Verichrome Film in your camera, you're ready to take clear, vivid snapshots that it will be a joy to have. This double-coated, fast-acting film gives pictures of extraordinary brilliance. Gets the detail...on dark days or fine... On the next call at your Kodak dealer's, ask for Verichrome, the new film in the yellow box with the checkered stripes.
You will find that it makes pictures you heretofore have thought were next to impossible.

Kodak VERICHROME *Film*

EASTMAN KODAK COMPANY

185 YUEN MING YUEN ROAD, SHANGHAI

Extrality Relinquishment Treaty Signed at Hsinking

The treaty providing for the gr adual reliquishment in Manchukuo of Japanese extra-territorial rights was signed in Hsinking June 10. The document was signed by Gen. Kenkichi Uyeda, Japanese Ambassador and concurrently commander-in-chief of the Kwantung Army, and Chang Yen-ching, Manchukuo Minister of Foreign Affairs. A supplementary protocol comprising eight articles and a three-clause memorandum setting forth the understandings reached between the delegates of the two countries were also signed. All three documents were drawn up in both Chinese and in Japanese, with the provision that the terms should be interpreted according to the Japanese version in case a dispute should arise. The treaty is to go into effect on June 1.

Leasehold rights held by Japanese nationals are to be converted into land ownership and other rights related to land under the terms of the First Article of the supplementary protocol.

Japan pledges to transfer the control of administrative police to Manchukuo by Dec. 31, 1937, but retains judicial rights, which will continue to be administered by judicial courts.

Salient features of the memorandum are the provision that the license of the Manchukuo Government will be required by Japanese planning to purchase land in unopened Mongol territories and the agreement by Manchukuo to bear part of the educational costs for Japanese children in Manchukuo, which are now being borne by Japanese communities.

Gaimusho Spokesman Discusses Foreigners' Status in Manchukuo

The status of foreigners in Manchukuo will become ambiguous because of Japan's progressive renunciation of her extraterritorial rights in the new Empire, a spokesman of the Tokyo Foreign Office stated June 12.

This, he added, is the outcome of the difference in views between Japan and Manchukuo, who have negotiated the agreement on the rendition of extraterritorial rights, and foreign powers, which have not recognized Manchukuo and regard her as a part of China. The spokesman added that the claim of other foreign powers to extraterritorial rights in Manchukuo on the strength of the new Empire's declaration of independence is "untenable."

Foreign Consuls Leaving Mukden

In view of the recent developments in Manchuria, the American, British and French Consuls-General in Mukden are leaving for their respective countries.

Anti-Japanese Volunteers Showed Great Activity During April

According to Japanese reports, anti-Japanese volunteers engaged in 27 battles with the Manchukuo Fourth Army during the month of April in North Manchuria. More than 3,060 anti-Japanese volunteers participated in these battles, while 47 men were killed in action.

Six Japanese Soldiers Wounded While "Mopping Up" Bandits

Six Japanese soldiers of the Nakakuma unit, engaged in a "mopping-up" campaign in southern Antung Province, were wounded on the morning of June 9 when the Japanese encountered 300 bandits at Hanchuankou, near Kwantien. The Japanese, reinforced by troops of the Watanabe unit, routed the outlaws about noon, chasing them in a northern direction.

Thirteen Japanese were killed in a number of battles with the anti-Japanese volunteers near Mukden on June 7, according to a belated report, received in Changchun this week.

Six Japanese Soldiers Killed by Koreans

Six Japanese soldiers and officers were killed at Tungtzekou, near Suifenho, northeastern Manchukuo, on the night of June 8 by Korean members of the Manchukuo defense forces, according to word received in Tokyo several days later. Although the Koreans departed unmolested, two of them returned to their barracks, where they were held for examination regarding the cause of the outbreak. *Domei* expressed the opinion that the outbreak was instigated by the Soviet Union and that the remainder of the band escaped into Soviet territory.

Soviets Allegedly Fire on Japanese Officer

A Manchukuo army officer of the unit stationed at Tangpichen, south of Mishan, Pinkiang Province, when he was rowing a boat on the river nearby in the afternoon of June 5, was suddenly fired upon by two O.G.P.U. men from Soviet territory, a message from Hsinking reported. He retreated, but his boat was carried away by the Soviet soldiers, the number of whom had by that time increased to eight.

Japanese Experts Study Sources of Yalu River

Foreshadowing the eventual construction of a Yen 80,000,000 hydroelectric plant, which will supply most of Manchukuo with electric power, a group of 20 experts visited Shinkapachien, a village in North Korea, this week to inspect the upper reaches of the Yalu River.

Gradual t.ansfer of Japanese troops patrolling the Yalu River, separating Korea from Manchukuo, to other parts of Chosen, "in view of the sound development" of the new

Empire, was announced June 15 by the Korean Government-General.

Pingchuan-Chengteh Railway Opened for Traffic

The Pingchuan-Chengteh section of the Chinchow-Chengte railway was be opened to traffic on June 16.

Privy Councillors Approve Mining Pact

Following a detailed report by Mr. Arita, Foreign Minister, a special commission of the Privy Council June 11 approved the Japanese-Manchukuo agreement for the mutual protection of mining rights.

Japanese Official to Proceed to Germany to Study Markets

Mishio Shioda, of the Dairen branch of the semi-official Central Society for Manchurian Special Products, is scheduled to depart for Berlin shortly to gather information on market conditions.

Fourth N.M.R. Bond Issue to Be Floated

Syndicate banks, underwriting the Yen 180,000,000 Manchukuo Loan to finance the purchase of the North Manchuria Railway, decided to float a fourth issue totalling Yen 30,000,000, June 9.

Japanese Dump Cigarettes Into Northern Provinces—B.A.T. Hard Hit

Advices from Tientsin state that large quantities of cigarettes manufactured by the Japanese in East Hopei are being dumped into Hopei, Chahar, Shantung and Suiyuan provinces. One case of 50,000 cigarettes, it is reported, was sold for $80. If no solution of the dispute over the payment of the consolidated taxes by the cigarette factories is reached in the near future, the dumping of these cigarettes manufactured in East Hopei, will kill all the business of the Chinese and foreign factories, it is feared. The B. A. T. (now known as Yee Tsoong) will be particularly hard hit. There are reports that a Manchurian Cigarette Factory will be organized in Tangshan by Japanese in the near future.

An editorial in *The Review* of Feb. 8 entitled, "Japan's Tobacco Monopoly Bureau Also Advances in North China" gave details of the operations of the Japanese Toa Tobacco Co. and the Manchuria Tobacco Co. The said editorial with reference to tobacco was appended to an editorial entitled "Manchurian Opium and Heroin Monopoly Expands into North China."

Japan Closely Watches Progress of Anglo-Soviet Naval Talks

The Anglo-Soviet naval talks were resumed in London June 11, after an adjournment of several days. Although many countries are naturally watching the negotiations, it is the Japanese particularly that are the most concerned. Japanese naval circles predict that an agreement between the Soviets and Britain would entail British technical assistance and Soviet naval expansion, and would naturally have an important bearing on Japan.

An emphatic denial was issued in London by British official quarters of the rumor that Great Britain had agreed to include in the proposed Anglo-Soviet naval treaty a clause providing for U.S.S.R.'s quantitative parity with Japan in the Pacific.

Belief that Great Britain would favor Soviet naval expansion, because it would tend to offset the German navy in the Baltic Sea and the Japanese navy in the Far East, was expressed June 12 in Tokyo naval circles in commenting on the current Anglo-Soviet naval negotiations. The pourparlers, a high naval officer told *Domei*, appear to aim rather at the expansion of the Soviet navy, with British assistance, than at qualitative or quantitative limitation. Soviet Russia, he continued, will bring her land and air forces to the desired strength during the second Five-Year Plan, while her navy remains at its former strength.

This situation, he added, Moscow desires to correct in the third Five-Year Plan, which comes into effect on January 1, 1938. Great Britain, facing the non-treaty period beginning next January, intends to take advantage of the Soviet naval expansion and is ready to give Russia the needed technical assistance, the officer went on.

Japanese Army Hopes to Parallel Soviet Military Preparations

Japanese Army officials are at present completing the drafting of budgetary estimates for the 1937-38 fiscal year designed to enable Japan to parallel the Soviet military preparations in Siberia. The Soviet army at present numbers 1,300,000 men, as compared with 500,000 five ago, Tokyo Army officials said. The Soviets are also reported to possess 5,000 military planes and 4,000 tanks. In the current fiscal year, the officials added, Soviet Russia will spend 14,800,000,000 roubles for military needs, including the strengthening of her air arm and the construction of high-speed tanks.

Japanese Army Reported Seeking Demilitarized Zone Along Soviet Border

Intention to seek the establishment of a demilitarized zone along Manchukuo's borders with Soviet Russia and Outer Mongolia was credited to the Tokyo War Office June 15 by the *Asahi Shimbun* and the *Yomiuri*. The Army, according to said two Tokyo journals, believes that the strengthening of Japan's defenses together with the establishment of the demilitarized zone would successfully check Soviet Russia's alleged "aggressive intentions." The Army was further reported to be in favor of the adoption of the provisions or the Portsmouth Treaty of 1905 for the creation of a demilitarized zone 50 kilometers each side of the border.

Moscow's proposal for the conclusion of a non-aggression pact is regarded by the Army as inadequate, in view of the building of fortifications along the Soviet-Manchukuo border and the concentration of troops in Siberia, the two papers said.

The creation of a demilitarized zone would result in the settlement of all pending issues between Soviet Russia, Japan and Manchukuo, the journals said.

Commenting on Soviet Russia's Far Eastern policy, the dailies said that it is based on her traditional search for an ice-free port in the Orient and on the sovictization of China and the Far East. The Japanese Army, the papers said, intends neither to take provocative action against Soviet Russia nor to move a single soldier without Imperial orders.

Eight-Two Russo-Japanese Border Disputes So Far This Year

Eighty-two border disputes occurred in the first four-and-a-half months of this year along the frontier line separating Manchukuo from Soviet Russia and Outer Mongolia, the Tokyo War Office announced June 14. The figure represented an increase of 47 cases in comparison with the corresponding period of 1935, which witnessed 35 disputes, the Army statement said.

Of the disputes registered until the middle of the last month, 35 occurred on the strife-torn eastern border; 27 took place along Manchukuo's northern border; four along the western frontier, and the remaining 16 along the border between Outer Mongolia and Manchukuo.

Soviet's New Constitution Allegedly Provides Democratic Freedom

The Central Executive Committee presidium June 11 approved of the new constitution of the Soviet Union which provides social reforms and democratic freedom not hitherto known in said country. The instrument grants suffrage to all citizens over 18 years of age, and establishes a parliamentary chamber of 566 deputies which will replace the Central Executive Committee. The constitution in addition ensures complete freedom of speech and press and freedom of religion. All franchise distinctions are eliminated, and provision is made for universal free education.

A resolution addressed to Joseph Stalin, the Soviet dictator, by the executive committee of the Communist Party, expressing enthusiasm at the draft of the new Constitution, was published in the Moscow press June 10. The resolution contains the following passage: "The new Stalin Constitution will further strengthen the part played by the Soviet Union as a basis for world revolution. Communists of all countries receive in the new Soviet Constitution a powerful weapon in their campaign for a united front."

"Pretended Liberalism of Soviet Evolution"

The new constitution of the U.S.S.R. does not "permit one to retain many illusions on the pretended liberalism of Soviet evolution," Paris *Le Temps* stated in an editorial June 14, devoted to an analysis of the projected constitution just made public in the Soviet Union. "The basis remains as Lenin established it: Soviet Russia continues to be a so-called proletarian state, all the forces of which try to consolidate the acquisitions of the 1917 revolution, and which, always entirely under the control of the Third Communist Internationale, finds its *raison d'etre* in supporting efforts for preparing and organizing the world revolution." Turning to a detailed examination of the articles of the projected constitution, *Le Temps* emphasized that "liberty is reserved exclusively for the peasants and workers, and that, in fact, all other citizens are excluded from the state. This is incompatible with all healthy notions of liberty, equality and democracy. Besides, the basic structure of the regime is not particularly democratic, which can be seen from the fact that the presidium centralizes all power."

Shanghai Garrison Commander Gives Cocktail Party at Park Hotel

Lieut.-Gen. Yang Hu, Garrison Commander of Shanghai and Woosung, and Mme. Yang entertained several hundred guests at a cocktail party held at the Park Hotel, in Shanghai June 10. Representatives of the diplomatic, naval, military and air services of many nations were in attendance, as well as members of the consular body, municipal councils, police forces and leading foreign and Chinese business men and residents.

A Challenge to Public Opinion

The Editor, The China Weekly Review :—

It is regretful to state that during recent years, public opinion in China is too weak and the people are too silent concerning important national affairs. In principle, the people are the masters of the nation. Their rights as well as obligations have been definitely defined in the late Dr. Sun Yat-sen's Three People Principles. The important point is: How can we use them and use them rightfully. In accordance with my personal judgment, I should say that the people ought at least use their rights in making a strong public opinion to oppose the wrong doings of a certain part of the military or political leaders, which doings are deemed detrimental to our nation.

However, in the history of China, the real power of public opinion once appeared in the so-called Student Movement on May 4, 1922, which resulted in the downfall of the Anfu clique and a number of traitors. Therefore, I am at a loss to know at the present time why its power can not be used, if it is really exerted, to persuade those colleagues standing astray with the central government to shake hands with our Leader and go along together to defend the integrity of our territory.

During this week, I am deeply moved with the heavy pains at the recent news of the military actions of the southwestern leaders in southern Hunan. Everybody knows that the present national crisis is awfully serious and it must appear as common sense to all of us to appreciate the necessity of national union at the present time. I am sure that such sense exists in the minds of the leaders in southwestern China. How melancholic is it that those leaders are not using their rightful sense but taking such action, irrespective of their motives and pretensions, which are surely harmful to the nation.

It may be a fact that the leaders in southwestern China are not on good terms with those in Nanking. But the Chinese proverb instructs us: "Brothers may quarrel at home, but fight together against the enemies outside." What is the time now? The common foes of our country are not only standing outside but marching into our homes. If those leaders in the south have any conscience they ought immediately forget all the past merits and demerits and promptly unite with those in the Central government for the common cause.

Now is the time for all of us, particularly merchants and students, to exert the rights and obligations of citizenship by standing up together to condemn the present independent actions of those southern leaders and make a strong public opinion to force the withdrawal of those troops in southern Hunan, thus avoiding a possible civil war again.

Public opinion itself is powerful. The German Hitler used it for the rehabilitation of Germany and Signor Mussolini invoked it to win the aggressive war in Africa. If public opinion in China can be rightfully and effectively exerted, I am sure that not only the arms raised in southern Hunan will be laid down, but the common foes in North China may also disappear.

MOSES P. K. KOO (過秉鈺)

Nanchang, June 12, 1936.

Tung Wen Students Now Particularly Active in Touring Interior of China

Tung Wen College, which according to the Shanghai Hong List is maintained as an Allied Culture Sino-Japanese Commercial Institute, but which is more generally described in Chinese circles as the "Japanese Spy College," located at 100 Hungjao Road on the outskirts of Shanghai, has been getting into the news of late again, as it appears that Japanese students from said institution have of late been making even more than the usual number of trips into the interior of China. The aim of the Japanese is to have every prefecture in Japan represented by pupils at the school. There are also a few Chinese students in the institution, all of them sent here from other parts of the country. It is the general policy of Tung Wen graduates or pupils when traveling in the interior of China to dress in Chinese clothes and because they have been diligently taught the Chinese language they generally pass for Chinese unless some special incident or untoward event makes their real status evident. Every now and then an article will appear in the Japanese telegrams that such and such a student of the College had gone on a trip to the interior and had not been heard from for some time, that there was anxiety, and so on. The latest account of this kind, published at end of last week, read :—"Japanese consular authorities in Canton are expressing concern regarding the fate of two students from Tungwen College in Shanghai who have not been heard of since June 7, when they reported having arrived at Lochang on their way into Hunan province. Inquiries are being made by the Japanese Consul in Canton regarding the matter." Then several days later a dispatch from Changsha announced that the boys had duly arrived there.

Another two Tung Wen students (Shimada and Sogi) were interviewed by *Domei* at Canton June 13 after they had returned there from a 24-hour trip to the Kwangtung-Hunan border. The youths had intended to tour Hunan province, as

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

In CHINA file your messages "via CGRA—RCA"

(Chinese Government Radio Administration R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Service)

OFFICE :— 201-202 Sassoon House, Shanghai

TEL. NO. 19251

SOCONY FOR BEST RESULTS GASOLINE

A STANDARD-VACUUM PRODUCT

77-113

a part of their college curriculum, but were dissuaded from crossing the border by officials of the Public Safety Bureau. Troops trains, the students said, were streaming in an endless line towards Hunan, while at Shaokwan, 20 kilometers south of Lochang, they saw unassembled airplanes, explosives and ammunition. Peace and order, they added, were evident all along the railway line, while they saw no anti-Japanese posters during their journey. Passengers travelling in trains, the students said, were subject to thorough examination.

The object of Japanese students, dressed in Chinese clothes, traveling in a section of China likely to be involved in civil war may be left to the reader's imagination.

Foreign Banks in Tientsin Transfer Silver to Government Banks

Transfer of silver dollars from the foreign banks in Tientsin and Peiping to the Government banks began June 10. The total amount of silver held by the foreign banks in the two cities was $6 millions. As a result of arrangements, $1 million was transferred to the Central Bank of China and the same amount to the Bank of Communications; $4 millions went to the Hopei ProvincialBank.

Chinese Farmers Bank Gives $1,000,000 Credit to Farmers in Kansu

For the promotion of rural economy in Kansu province, the Chinese Farmers Bank is giving credit to the amount of $1,000,000 to the farmers in said province.

Deadline for Bond Conversion Extended Until Dec. 31

The deadline for the conversion of the five classes of old bonds into the 25th Year Consolidation Bonds has been extended, according to an announcement by the Ministry of Finance, June 10. The time-limit, originally set for June 30, has now been postponed to December 31.

Consolidation Loan Drawings Are Held

The first public drawing of Class C and Class D bonds of the 25th Year Consolidation Loan which was issued on February 1 last with a view to the unification and refunding of old loan bonds, treasury notes and treasury certificates and the bonds of which were divided into five classes A.B.C.D. and E and the third drawing of the 24th Year (1935) Electric Power Administration Loan were held June 10 at 10 a.m. at the premises of the Shanghai Chinese Bankers' Association.

Dr. Ma Yin-chu Urges Prohibition of Speculative Buying and Selling of Foreign Exchange

Speculative buying and selling of foreign exchange should be strictly prohibited in order to maintain currency stabilization, Dr. Ma Yin-chu, Chairman of the Finance Committee of the Legislative Yuan, declared in an interview at Nanking June 10. "Unlimited buying and selling of foreign exchange" by the three government banks, the Central Bank of China, the Bank of China and the Bank of Communications, Dr. Ma said, is only meant for "bona fide transactions" and does not apply to speculative operations. To ensure stability in foreign exchange, Dr. Ma opined that such speculative operations should be strictly prohibited.

Income Tax to Be Enforced Beginning July 1, 1936

Advices from Nanking state that the imposition of income tax will be enforced beginning with the next fiscal year, July 1, 1936. Regulations governing the new taxation have been studied by special committees of the Central Political Council, and shortly will be referred to the Legislative Yuan for further consideration.

Kwangtung Finance Commissioner Resigns

Ou Fang-pu, Commissioner of Finance for Kwangtung, is reported to have tendered his resignation to the Kwangtung Provincial Government because of the difficult financial conditions in the South.

Kwangtung to Issue Treasury Notes for $10,000,000

For the stabilization of foreign exchange of the legal tender notes, the Kwangtung authorities have decided to issue treasury notes amounting to $10,000,000.

British & Chinese Corporation Chairman Pays Tribute to Solidarity of Chinese People

A tribute to the tenacity and solidarity of the Chinese people was paid by D. G. M. Bernard, presiding at the annual meeting of the British & Chinese Corporation in London June 11. Mr. Bernard drew attention to the corporations' collaboration in the construction of the Shanghai-Hangchow-Ningpo Railway, which, he declared "marked a new departure in our relations with China."

"We staked our reputation on the word of China," he continued, "and are, in effect, inviting the subscribing public to pass a vote of confidence in the Chinese Government." The chairman also paid a tribute to China's progrese in the settlement of debts and the success of her new currency measures.

Kwangtung Decides to Issue Anti-Japanese Bonds

The Kwangtung Provincial Government this week definitely decided to issue anti-Japanese bonds amounting to $10,000,000.

Japanese Watch British Railway Loan to China

British assistance in the flotation of the Shanghai-Hangchow-Ningpo Railway Completion Loan, totalling £1,100,000, by the Chinese National Government, is holding the center of attention in Tokyo financial circles, recent advices from the Japanese capital stated. Japanese observers, it was stated, regard the British move with especial interest in view of the statement of Dr. Eiichi Baba, Finance Minister, in an interview with Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government on June 10 that Japan would readily give assistance in kind to the railway construction projected by the Chinese authorities.

Shanghai Banks Advance $10,500,000 for Purchase of Cocoons

Shanghai banks have advanced a total of $10,500,000 credit to the silk filatures in Shanghai and Hangchow for the purchase of cocoons, according to local financial circles.

U.S. Gold For China?—$11,906,300 for Unidentified Foreign Country

The New York Federal Reserve Bank announced June 13 the earmarking of U.S. $11,906,300 for the central bank of an unidentified foreign country—believed to be China. It was the first important loss of gold by the United States in the last five months. Although the recipient of the gold credit was not revealed, observers were certain the metal was destined for China in exchange for part of the silver that country has been shipping to the United States under the Chen-Morgenthau agreement, concluded on May 18.

Another shipment of silver by the Chinese Government banks to the United States (about $17,000,000 in Chinese currency) was made out of Shanghai June 16 by the s.s. *President Hoover*.

How Japanese Government Tries to Curq Enterprise of Ford Motors

Further details of how the Japanese Government is planning to curb the activities of the Ford Motor Company in the Island Empire were contained in the *Tokyo Chugai Shogyo* of June 4. According to the recently-enacted Japanese automobile law, the assembling and manufacturing of parts are enterprises requiring the permission of the Commerce and Industry Ministry, provided the volume of output does not come up to a specified limit, which is 5,000 to 6,000 cars. The Japan Industry (Nissan) and Toyoda alone are to be granted the permission and protection while enterprises producing less than the standard amount are not required to obtain the permission.

Industrialists manufacturing automobiles prior to August last year when the law was drafted can carry on production within the past limits but are prohibited from expanding the enterprise afresh. The Ford Motors, utilizing this law, it is noted, has been producing 4,000 cars at its existing factories, thus keeping within the limits provided by law, but it has planned to set up an affiliated company not requiring the permission of the Ministry and to produce about the same number of automobiles, that is, 4,000. The aim of the Ford Co., the Japanese allege, is to offset the policy of the Government to protect the home automobile industry. For this reason the Commerce and Industry Ministry has decided to lower the standard limit of production (about 5,000 to 6,000 cars) announced in the Diet, to about 2,000 to 3,000 cars, definitely stating the reduced figures in the enforcement regulations of the law. This is calculated to frustrate any attempt on the part of foreign companies to evade the provisions of the law. The step has made it necessary to postpone the enforcement of the law from August, as informally scheduled, until September.

The *Asahi* June 10 mentioned that Japan Ford Motors, which had purchased some time ago the Asano reclaimed land in Tsurumi Ward, Yokohama, has now decided on building its new factory and Benjamin Kopf, manager, had applied to the Kanagawa prefectural office for permission on June 9. The factory is to be of reinforced concrete, three stories high and taking up 54,000 square metres of land and costing Yen 4,470,000. It will undertake the manufacture of automobiles and trucks and mechanical assemblage of parts. It is expected to turn out 17,500 cars a year.

It is announced that the Mitsuis are going in for the manufacture of automobiles. A company to manufacture high speed motors is to be established with capital invested by the Mitsui Bussan, the capital being put at Yen 1,000,000 to begin with and being increased as need arises. At first midget automobiles are to be manufactured and as manufacturing technique is improved, the company should turn to the production of full-sized automobiles. Already Mr. Sonoyama of the Mitsui Bussan has been appointed managing director of the new company. The factory has been built in Shinagawa and most of the machinery installed. Operation is expected to be begun early next year.

Preventive Measures Result in Slight Decrease of Smuggling

That the recently enforced preventive measures against smuggling have borne results was indicated by recent Customs figures showing a slight decrease in the inflow of contraband to Tientsin during the week from June 1 to 7 inclusive. Illicit goods which were brought to Tientsin by motor trucks and mule carts during the week under review consisted mainly of rayon and sugar, products of other categories being included in lesser quantities. The Customs report revealed that 2,609 bags of artificial silk yarn and 32,655 bags of sugar were smuggled to Tientsin through East Hopei, as against 2,526 bags of rayon and 51,957 bags of sugar for the previous week, May 25 to 31.

Despite the noted decrease in the volume of smuggled goods, the estimated loss of Customs revenue was still not to be slighted. For rayon and sugar alone, for example, the Customs report estimated a total loss of Customs duties to the amount of 428,025 G.U. or $951,806.

The Chinwangtao Customs has suffered a drop of more than $5 millions in its revenue for the three months from March to May inclusive as a result of smuggling, according to a statistical report received at Tientsin last week.

A total of 12 car-loads of smuggled sugar, recently confiscated at various points along the Peiping-Hankow Railway, has been transported to Nanking, where it was handed over to the General Bureau for the Prevention of Railway Smuggling.

Kazue Kuwajima, director of the Bureau of East Asiatic Affairs of the Japanese Foreign Office, arrived in Peiping June 13 from Tientsin to make a study of conditions in North China, including the smuggling question.

Following the establishment of preventive offices at all important stations along the Tientsin-Pukow Raliway, smugglers have changed their route for transportation of illicit goods to inland regions, according to investigations made. Instead of going by the Tientsin-Pukow line, reports reveal, large quantities of contraband are being transported by the Peiping-Hankow line.

Meanwhile, to centralize and systematize smuggling activities in North China, Japanese and Korean ronins have established in Tientsin a secret smuggling organ called "The Tientsin Trade Association," in which a majority of minor smuggling organs have registered as members.

Japanese Smugglers Occupy Train by Force at Tientsin

Thirty Japanese on the morning of June 15 forcibly occupied several cars at the Tientsin railway station for the transportion of smuggled goods to the south. The smugglers were armed with rifles, and the Customs inspectors and the railway authorities found themselves unable to do anything. The train was delayed for about fifteen minutes. In the afternoon, scores of Japanese arrived as the Tientsin station demanding more cars to transport smuggled goods to the south. The Japanese vice-consul later arrived with with a number of Japanese policeman and sent the smugglers away. These Japanese smugglers are allegedly all hired by the Special Trading Company organized recently for the purpose of smuggling.

One railway policeman was wounded by Japanese smugglers at Tsinan June 15 when the former tried to detain some smuggled goods. Hoisting Japanese flags, more than 10 motor trucks carried off from the station all the smuggled goods sent to Tsinan by train.

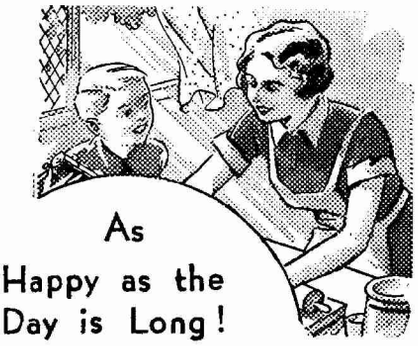
Recommendation for Leniency Regarding Gold Smuggling

A more lenient ruling regarding punishment for smuggling of gold was recommended by the Customs authorities in a petition to the Ministry of Finance, this week. The petition pointed out that while articles made of gold are of high value, in size or quantity they are usually diminutive. For this reason, smugglers generally carry them on their person, so as to avoid detection by Customs officers. According to existing regulations, gold transported illicitly, when seized by the Customs, should be confiscated *in toto*. In the interests of the merchants, however, it is recommended that a more lenient attitude be adopted by imposing a fine of 30 per cent of the value, when evidence of smuggling is not conclusive.

Trade Union and Commerce Chamber Laws to Be Revised

Radical revisions in laws concerning the organization and function of trade unions and chambers of commerce are being seriously considered by the Legislative Yuan with a view to tightening up the unification of all industrial and commercial bodies as an effective means in checking smuggling. At a meeting held in Nanking June 2 the Commercial Law Committee of the Legislative Yuan devoted its major attention to the provision of penalties. Under the proposed new regulations, all commercial and industrial establishments will be required to join their respective union or guild. Those who stay out will be deprived of the right to business operations. Heavy punishment, on the other hand, is provided for corrupt guild officials or members of a guild who fail to obey their contractual obligations. The question as to whether a business house dealing with more than one line of business shall be allowed to join two or more guilds was also discussed at the meeting, but no decision was arrived at.

KEEP ON THE SUNNY SIDE OF LIFE



As Happy as the Day is Long!

SOME people never seem to be miserable or depressed though others can't muster a smile even on the most cheerful occasions. Yet there may be only one word that divides these people into two groups—constipation.

Do you belong to the constipated category? If you do, your diet is lacking in "bulk," causing poisons to get into the system which give you headaches and make you listless.

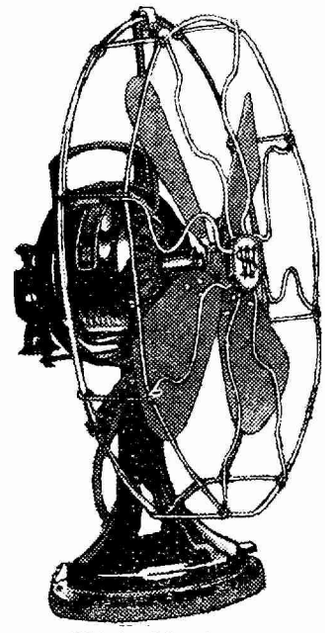
You must have "bulk"—and you get it in Kellogg's ALL-BRAN—a delicious cereal food. Its soft fibre gently clears the the intestines of all waste and stimulates a natural, normal action. Two tablespoonfuls of ALL-BRAN is all you need. In chronic cases, eat it with each meal. Serve it with cold milk or cream. No cooking needed. Sold by all grocers.

CONNELL BROS. CO. LTD.
P. O. Box 342, SHANGHAI

Kellogg's
ALL-BRAN
the gentle, natural way to relieve
CONSTIPATION

163

A. C. 12 & 16-inch Rotamatic, Oscillating and Rotating Desk Fan



商標註冊

Different colors with special design, such as milky, white, chrome, dark-blue, green, black, etc.

The best product, at the lowest price.

The fans are all economic in electric consumption and are guaranteed for ten years.

The ceiling fans and exhaust fans in different sizes are also

Obtainable from Department Stores, Electric Shops and Shanghai Power Company Show Rooms.

Wahson & Co., Electric Factory
513 FOKIEN ROAD
Tel. 95750 exchange to all depts.
Cable "WAHSON" SHANGHAI

77-115

Yunnan Province to Establish Corporation to Control Antimony Trade

The Yunnan Provincial Government has decided to establish a corporation for the exploitation, transport and sale of wolfram and antimony. The Provincial Department of Finance has been ordered to make the necessary arrangements. According to the present plan, the company will have a capital of $2,000,000, of which the local authorities will subscribe seventy per cent, while the remaining 30 per cent will be subscribed by merchants in Kunmin. The Commissioner of Finance for Yunnan has been appointed by General Lung Yung, Chairman of the Yunnan Provincial Government, to take full charge in the organization of the company. The export of antimony has for a long time been one of the most important businesses in the province.

Ministry of Industry to Open Iron Mines in Hunan

The Ministry of Industry has decided to open iron mines in the Ningching, Huangchai and Tsaokipu districts of Hunan province. It is reported that more than 6,000,000 tons of iron ore are found in said area.

The National Government has decided to allocate $200,000 for exploitation of iron deposits in Ningsiang, west of Changsha, provincial capital of Hunan.

The Hopei and Chahar Political Council has appointed Yuan Chia-jung joint chief manager of the Kailan Mining Administration in succession to Ku Chen.

Japanese Sell Liukiang Coal in Kiangyin

Three thousand two hundred tons of coal produced in the Liukiang Coal Mine were recently shipped to Kiangyin for sale by Japanese merchants. This mine was forcibly occupied by the Japanese last year. It was formerly a Chinese company.

Technical Experts Appointed for Economic Planning Committee

Twenty-six technical experts in different fields have been appointed to head the 13 departments in the newly established Central People's Economic Planning Committee. The appointments were made at the first plenary session of the Committee held in Nanking June 11 under the chairmanship of Tseng Yang-fu, Vice-minister of Railways. The meeting was attended by over 90 technical experts. The duties of the Planning Committee is to devise plans, based on research, to be submitted to the Central Government for consideration in the task of carrying out the People's Economic Reconstruction movement as initiated by Gen. Chiang Kai-shek, president of the Executive Yuan.

The Chinese trade mission to the South Seas, organized by Chinese industrial and commercial circles in Shanghai, is scheduled to start its journey on July 16.

Industrial Development Finance Corporation Planned in Shanghai

With the primary object of boosting Chinese industries, plans are being made by Shanghai banking circles for the organization of an industrial development finance corporation. The proposed organ, it is understood, will be formed along similar lines with the Rural Credit Loans Commission, whose service has proved to be of great help to China's needy farmers.

Cotton Mill Taken Over by Japanese to Resume Operations

The Chinese Yu Yuan Cotton Mill in Tientsin which was recently taken over by Japanese interests because of financial difficulties will resume operations around June 20, according to an announcement made by the mill June 7.

China's First Motor Car Is Built at Hunan Iron Works

The first Chinese motor car has been built by the Hunan Iron Works (reorganized from the Hunan Arsenal) after two years of work. Spare parts of cars have been manufactured by the factory in the past years. The factory supplies about $12,000 worth of spare parts every month to the Hunan Highway Bureau. In view of the successful work of the establishment, General Ho Chien, Chairman of the Hunan Provincial Government, has decided to enlarge it.

Chekiang Will Subscribe $300,000 to Proposed Vegetable Oil Corporation

Shares amounting to $300,000 in the proposed China Vegetable Oil Corporation, Limited, will be subscribed by the Chekiang Provincial Government, according to a decision reached at a meeting of the Provincial Government Committee June 4. The amount is to be appropriated from the 25th year Chekiang Provincial Readjustment Loan.

Plans of the Ministry of Industry for the establishment of a Vegetable Oil Refinery took a more concrete shape June 7, when it was decided to collect all subscribed shares to the new enterprise by the end of this month. The shareholders of the new company will hold their first meeting in Shanghai sometime in early July when questions concerning the purchase of machinery and construction of factory houses will be discussed.

According to the *Chunghwajihpao*, a Sino-American Tung Oil Company will be organized jointly by the Chinese and American authorities for the export of Chinese tung oil to America. Dr. Alfred Sze, Chinese Ambassador to America, is stated to be negotiating with American interests for the organization of the company. The company will have a capital of $2,000,000, according to the present plan.

Dredging of Yellow River Delta Is Started

With the remittance of the first instalment of $50,000 from the National Economic Council, the dredging of the delta of the Yellow River and the straightening of its basin in northeastern Shantung was officially started June 11.

Definite plans for the completion of the Han River rehabilitation project and the reinforcement of the embankments of the Han and Yangtsze Rivers and the general flood prevention work in Hupeh province were decided upon June 12 following a conference with the Provincial Authorities, according to Cheng Shaoching, Deputy-Director of the Hydraulic Engineering Bureau of the National Economic Council, who had just returned from Hankow.

Salt Workers Send Petition to Authorities

Two hundred and eightly-four representatives of the salt workers arrived in Yangchow June 11 to petition the Salt Administration against the limitations governing their work.

America Leads in Supply of Photographic Materials to China

Imports of photographic materials into China for the first four months of this year amounted to $2,405,721, showing an increase of $427,134 as compared with the corresponding period of last year, according to Customs statistics. Imports from the United States, the report reveals, occupied the first place with 753,255 Customs Gold Units, with Germany in second place, with 232,045 G.U.

Chekiang and Kiangsu Plan to Erect Fertilizer Factory in Shanghai

Plans are being formulated by the Chekiang and Kiangsu Reconstruction Departments for the establishment of a large scale fertilizer factory in Shanghai in the near future. The projected factory, it is stated, will be capitalized at $300,000, which are to be borne equally by the provinces. When established, the factory will meet the growing demand for fertilizer in Chekiang and Kiangsu. It is estimated that after the establishment of the factory the two provinces will be able to save at least $600,000 annually, which would otherwise be required to buy fertilizer from abroad.

Railway Ministry to Nationalize Kiangnan Railway

The Ministry of Railways is now planning the nationalization of the projected Kiangnan Railway, an important railway network connecting the provinces of Kiangsu, Chekiang, Anhwei, Fukien and Kwangtung. The proposed line stretches from Nanking to Chaoan, on the Fukien-Kwangtung border, passing through important cities in Anhwei, Chekiang and Fukien.

The Nahking-Wuhu and Wuhu-Sunchiapu Sections of the projected five-province railway have sunccesively been opened to traffic and are being operated by the Kiangnan Railway Compay, a private enterprise, of which Chang Chin-chiang, Chairman of the National Reconstruction Commission, is General Manager.

The Ministry of Railways has decided to re-organize and convert the Planning Committee for the Readjustment of the Canton-Hankow Railway (*Yueh-Han-Lu Cheng-Li Chi-Hua Wei-Yuan-Hui*) into a Readjustment Committee (*Cheng-Li Wei-Yuan-Hui*).

The huge steel bridge, across the Tse River, along the Kiaochow-Tsinan Railway in eastern Shantung, which was recently reconditioned at a cost of $450,000, was formally opened to traffic June 12. More than 200 Party and Government officials and representatives of public bodies from Tsingtao and Tsi-nan attended the inauguration ceremony.

The newly completed Szechwan-Kweichow and Szechwan-Shensi Highways will be opened to traffic on July 1.

The network of highways linking six districts in the Hsuchow area, which was recently completed under the supervision of China's International Famine Relief Commission as a labor relief project, was formally opened to traffic June 12.

M. Coursin, road expert from the League of Nations, and M. Bourdrez, conservancy expert of the National Economic Council, proceeded to Lanchow, provincial capital of Kansu, by airplane this week to inspect the progress of highway comstruction and conservancy work in that province.

Tokyo Wireless Service Is Extended to Peiping

Fourteen days after the inauguration of the direct wireless service between Tientsin and Tokyo, service was extended to Peiping beginning June 15 by connections through Tientsin. During the first 15 days of the Tientsin-Tokyo service, it was learned, the average daily volume of business, including outgoing and incoming wires, was about 200 messages.

Flood Prevention in Hupeh

BY S. Y. CHI (季世英)

HUPEH has, since 1931, undergone a series of flood catastrophes in succession, with short intervals. As a step to prevent the possible repetition of another inundation this summer, as the river has already risen to an unusual level of more than 35 feet in Hankow, every means have been taken by both the Central and the provincial authorities to cope with the threatening situation—wherefore practicable flood-prevention measures are in progress, including the construction of a gigantic dike on the Han River underthe supervision of the Kianghan Conservancy Bureau, which is affiliated with the National Economic Council.

Ever since his assumption of office in the beginning of this year, Governor Yang Yung-tai, Chairman of Hupeh Provincial Government, has given this problem his personal consideration, for the attack of another flood would probably mean not only the wholesale bankruptcy of the rural economy but also the ruin of trade here in Hankow.

Owing to the importance of the dike on the economic life of Hupeh, leading authorities, including Governor Yang Yung-tai, Chairman of Hupeh Provincial Government, Gen. Ho Chen-chun, Pacification Commissioner for Hupeh, and Kao Yi-han, Control Commissioner for Hunan and Hupeh, all made a personal inspection of the dike last month. A report was also submitted by Governor Yang Yung-tai upon his return from a trip of investigation of the dike to General Chiang Kai-shek, President of the Executive Yuan. Just recently, Hsieh Teh-chun, Director of the Kianghan Engineering Bureau, accompanied by Col. G.G. Stroebe, Chief Engineer, made a visit to the engineering work now in progress at Chunghsiang Hsien where the Yao Dikes is being built.

A detailed account of the dike construction was released by the Kiangan Engineering Office last week. It is shown that during the early part of July 1935 a rainstorm of unusual intensitys wept across the provinces of Hunan and Hupeh and across southern Shensi, resulting in enormous rises in the rivers of Hunan, on the Yangtze, the Han and the Yellow Rivers. The total precipitation on the Han River alone, according to computation, was 14 cubic miles of water. This immense downpour resulted in record-breaking floods on both the Yangtze and the Han. On the Yangtze the gage records of river heights at Shansi, Kienli, and Yochow exceeded those of the great flood of 1931.

Disastrous Crevasses in Han River Dikes

The Han River dikes were overtopped in many places and disastrous crevasses occurred. The discharge down the Han was for a period of about two days more than double the river's capacity to convey water. The Sun Sze Kung dike failed and a break as long as 3.6 kilometers was made through the heavy barrier of stone and clay. The river thus made a floodway for itself extending 200 kilometers downward and hit directly the Chang Kung dike of Hankow where the water was virtually piled up, due to inadequate exits, and gravely endangered that city for several days, besides bringing havoc and disaster to hundreds of square kilometers of prosperous cities and villages along its path.

In the absence of a comprehensive survey, palliative measures were recommended for the immediate future. After a brief reconnaissance of the afflicted areas, it became evident that such palliative work could be done along any one of the four lines: (1) the construction of a cut-off to eliminate the 180 degree bend at San Sze Kung. (2) the construction of a new floodway from San Sze Kung to Seven-Mile Creek immediately east of Hankow. (3) the restoration of the dikes to their original status along the existing location, or (4) the construction of a new dike from Kiukow to Lowhantze behind the old dike ordinarily known as Yao Ti, which means literally a "dike at a distance."

These four plans were presented by the Kianghan Conservancy Bureau to a conference of engineers of the National Economic Council and of representatives of the Generalissimo's Headquarters at Wuchang and the Hupeh Provincial Government, where they were thoroughly discussed. The fourth plan was adopted, and T. C. Hsieh, Director of the Kianghan Conservancy Bureau, was placed in charge of the work.

The enormity of the task of building a dike involving 7,000,000 cubic meters of earth and working on a length of 18 kilometers within the allowable time limit of about 150 days can easily be imagined. The first task was a survey of the locality in order to choose the best location of the future dike. Much of the country was under water and in the newly developed floodway a new river was flowing. Houses had to be built for offices for the new organization. Huts had to be built for the workmen. Recruiting by means of conscription had to be organized in afflicted areas and at other places scattered over an immense area in Hupeh, and in order to secure the army of workers required, police and soldiers had to be secured to safeguard the district. A Commissary had to be created to supply rice. A Purchasing and Transportation Division had to be developed to secure the necessary supplies of material needed for the work, and a Medical and Health Department had to be created to look after the health of the thousands of workers. The plan called for: (1) the sealing up of four breaks including the big San Sze Kung break, to an elevation capable of preventing the river from entering the basin until June; (2) the building of a closing dam to divert the flow from the floodway to its regular channel; and (3) the building of the main "Yao Ti" dike. An estimate amounting to $2,200,000 was first accepted but later enhanced to $2,700,000 by the National Economic Council, which provided the finances for the entire work.

The field work is divided into four general engineering divisions of about four kilometers each for the first three units and 2,4 kilometers for the last unit. Perhaps the most difficult part of the work was the diversion of the river at San Sze Kung entirely back into its old channel. As long as a large portion of the Han River was allowed to pursue its new course across the country, an eastern dike could not be built across the flowing water. It was thus imperative to close the river at San Sze Kung. Several sections were made by sounding across the floodway at many places and as a result Hsiung Chia Chao was chosen as a suitable location for the purpose. Extensive preparation in material and experienced labor were immediately made and the work was carried out in the depth of winter by the men working day and night for 14 days. The final closure was effected on February 11. The former river bed in the floodway gradually dried and the work of the fourth section could thus be started.

Beside the San Sze Kung channel which had to be closed all the other breaks at low water had to be rediked to an elevation to prevent the spring high water expected in May from entering the basin. These breaks totalled 7,000 meters in length and the work of rediking them became in itself a big task and it must be realized that this important work, big as it is, was simply secondary and contributory to the success of building the main Kiukow-Lowhantse Dike.

The maximum numbers of laborers employed on building the main dike was 120,000. To house his vast number 2,400 huts had to be built. These huts are built of bamboo frames and are roofed over with a matting of grass. The main and subsection offices of which there are seven in number are built of wooden framework, are thatched with grass and are sided with bamboo plastered over with puddled clay on both outside and inside with a thin final coating coating of lime motar on the interior. The welfare department organized by the provincial government has also constructed many such houses for the recreational use of the laborers.

Hankow, June 13, 1936.

Japanese Witnesses Identify British Soldiers in Sasaki Murder Case

The incident in which a Japanese named Sasaki, an employee of the Manchukuo Department of Defence, was found dead on the night of May 26 in the street outside a cafe in Peiping, still forms the subject of dispute between the Japanese and British authorities at Peiping. Three British soldiers were accused June 11 by Japanese witnesses of having been involved in disturbances in bars in Peiping on the night of May 26, according to a statement issued by a British Embassy spokesman. The soldiers were pointed out by Japanese(Korean) witnesses at an identification parade held at the British Embassy in connection with an enquiry into the death of Sasaki. None of the soldiers who participated in the identification parade, however, were identified as having been directly connected with the death of Sasaki.

Japanese authorities in Peiping June 12 linked the slaying of Mr. Sasaki, with an earlier cafe brawl involving members of the British Embassy Guard. In a statement, the Japanese Embassy spokesman said he "believed" that the slayer of Mr. Sasaki was also connected with the disturbances in the bar.

Domei wired from Peiping June 16 that unless a satisfactory reply is received from the British Embassy within a day or two regarding the identification of the slayer of Sasaki, the Japanese Embassy would once again urge British diplomatic officials to take appropriate steps.

Under the heading of "British Insincerity Angers Japanese Military Officials in Peiping." The Tokyo *Nichi Nichi* June 5 printed a special dispatch from Peiping, part of which read as follows: "In disregard of the Japanese protest filed with the British Embassy in China against the murder of a Japanese employed of the Manchukuo Government by British gendarmes on May 27 the British Embassy has shown its intention to obscure the issue on purpose. Today the British Embassy again demanded of the Japanese Embassy more detailed evidence. Because of British insincerity in dealing with the matter not only Japanese officials here but Japanese residents in general have become very indignant with the British Embassy. Especially indignant is Major-General Matsumuro, attached to the Tientsin garrisons, who is staying in Peiping. Major-General Matsumuro declared that Japan absolutely cannot maintain silence against such a cowardly and crafty attitude on the part of Great Britain as to bury the matter in obscurity."

News Notes from the Netherlands Indies

FROM THE REVIEW'S CORRESPONDENT IN JAVA

SINCE it left China en route for Berlin, the Chinese Olympic Football Team had played several matches against strong teams in various countries, and so far, up to Java, it has been invincible.

In Indo-China the Chinese Olympic Team played two games It beat the Saigon A Team with a score of 4-1, and the Saigon B Team, 8-1. And it vanquished the Singapore XI with four goals. These victories reminded the Chinese here of the past glory of the tours of Loh Hua and Nan Hua to Java several years ago which in a certain sense has enhanced the prestige of Chinese here in the eyes of foreigners.

Early in the morning of the 18th instant the twenty-two Chinese soccers from the mother country arrived at the harbor of Batavia where they were met by representatives of various Chinese associations in the city and individual admirers. That very afternoon The China Team played the Batavia XI, the champion of Java, 1935, and won 2-1. The China Team played a draw, 2-2, with the Bandoeng XI, which was recently beaten by the Batavia XI. It beat the Soerabaja Indonesian XI with a score of 10-2. H. B. S. Team, the champion of Soerabaja this year, which has a brilliant record for being never beaten by any foreign team, was this time besmirched by the China Team with a defeat of 3-1. The Soerabaja XI, probably the strongest opponent for the Batavia XI in the Java Championship Game this year, was also defeated by the China Team with a score of 3-1. However, after these glorious victories, the China Team was unexpectedly only able to beat the Malang XI, comparatively not strong, with a score of 1-0. Now the China Team has some more games to play in Java, and most probably it can maintain its invincible record. Leaving Java the Team will proceed to the Straits, Sumatra, India, and finally Berlin

Second Annual Chess Contest to Be Held in July

The second annual chess (Hsiang Chi) contest between the Straits Chinese and those of the Dutch East Indies is scheduled to take place in Singapore in the middle of July, it is reported. The visit of Hsieh Hsieh-sun, (謝侯順), the chess king, from China last year has aroused great interest in the playing of chess on the part of Chinese in the South Seas.

The Overseas Chinese Mental Education Association in Batavia, the capital of the Dutch East Indies, is in charge of selecting representatives of this colony for the coming contest. For this purpose the Association has planned an inter-city chess contest in Java. Batavia, Bandoeng, Semarang, and Soerabaja are the four cities in which the participants will compete for the championship, and then the champions and the runners up of the four cities will meet in the finals. The two victorious contestants in the finals will be sent to Singapore as the representatives of the Chinese in the Dutch East Indies.

Mass Marriages Become Popular in Netherlands Indies

The mass marriage, which has been pushed forward successfully throughout the country by the Nanking Government, will soon spread to the Dutch East Indies. The first promotor of the mass marriage in this colony is the Chinese Chamber of Commerce in Medan, Sumatra. The first mass marriage among the Chinese in that island has been scheduled to take place in April 19, 1936. However, due to the insufficient number of the participants the date is postponed to the middle of August this year. The initiative of the Chinese Chamber of Commerce in Medan is followed by the Chinese general consulate and the Kuomintang's headquarters in the Dutch East Indies, both in Batavia, the capital of the Dutch colony. These two institutions have worked together to launch the mass marriage here. July 5, 1936 is the date scheduled for the first mass marriage in Batavia. At the same time the Chinese Chamber of Commerce in Palembang, Sumatra, has also elected a committee of seven members charged with the work of preparation for launching the mass marriage in that city. Everything has been planned and as soon as the number of the participants amounts to four couples the first mass marriage in that city will take place.

According to the rules stipulated by the promotors each couple participating in the mass marriage is supposed to pay thirty guilders, for which the couple is entitled to invite no more than one hundred guests.

Not only the mass marriage but also the entire New Life movement has begun to spread to the Island of Java. The work of launching this movement here has been undertaken by Li Chih Sheh (the same Chinese name as that of The Moral Endeavor Association in Nanking) in Bandoeng. The first phase of the plan is to arouse the attention of the local Chinese community to the movement. For this purpose the association mentioned above had resorted to a lantern procession held in April 4 in the joint celebration of the Chinese Children's Day, which was widely celebrated by the Chinese community in Java. According to the plan the second step to be done is to post the posters of the New Life Movement in restaurants, hotels, barber-shops, etc., as has been done in China. And finally the association mentioned above will invite representatives from all walks of life to a gathering in which will be discussed the matter of launching an effective wide-scale propaganda of the New Life Movement. The Kuomintang office will be requested to delegate some persons to lead the work, it is reported.

Chinese in Netherlands Indies Observe Teachers' Day

Practically all Chinese festivals, old and new, nonsensical and sensible, are celebrated by the Chinese community in the Dutch East Indies. Arbor Day and Children's Day were celebrated as usual with enthusiasm. Chinese festivals in June are Teachers' Day (June 6), and the Dragon-Boat Festival, the fifth day of the fifth month in the lunar calendar. The Teachers' Day which was inaugurated in China several years ago will be celebrated in this colony for the first time this year. This initiative comes through the effort of the League of Chinese National Schools in Batavia.

Chinese in Dutch Colony Hold Memorial Services for Late Hu Han-min

The report of the death of the veteran Kuomintang leader Hu Han-min May 12 was received with great sorrow by the Chinese community in the Dutch East Indies. Telegrams and express missives of condolence were immediately sent to Mrs. Hu and Miss Hu Mu-lan by various Kuomintang offices and other Chinese associations in this colony, expressing their deepest sympathy for the great loss to the family and the country. The national flag was of course hoisted half-mast as a token of the national bereavement. As had been suggested by the Nanking Government a memorial service for the late Hu Han-min was held on the 27th instant in various cities throughout this Dutch colony. This memorial service was considered the greatest one since the death of the late Dr. Sun Yat-sen.

Batavia, May 30, 1936.

Opportunities for Trade with Firms in U.S.A.

For information regarding the firms listed herewith, readers are requested to communicate with the Commercial Office of the U. S. Consulate-General, in Shanghai, giving the number of the specific firm.

695 —An individual in Los Angeles desires to contact some firm interested in becoming general agent for and promote the sale of a still for purifying water.

696 —A firm in Elba, Alabama, is interested in forming connection, preferably with firm representing accounts associated with the automotive industry, for the sale of their trailers.

697(830)—A New York concern wishes to contact importers and dealers in therapeutical and X-ray apparatus.

698(831)—A New York company wants a representative for over-issued newspapers, etc.

699(832)—A New York firm has inquired regarding market and representation for radios, chemicals, hardware, plumbing, machinery, rubber goods, mill and marine supplies, household goods, specialties, agricultural implements and farm equipment.

700(833)—A firm in Rochester, New York, seeks agency for thermometers.

701(834)—A firm in New York desires to be listed as source of supply for firms in Shanghai who want "Lindsay" Nitrate of Thorium.

702(835)—A San Francisco concern wants agent for brilliantine, cold cream, shampoo, wave set, etc.

703(836)—An agent for American made coats, suits and dresses is desired by a firm in New York.

704(837)—A request has been received from a New York firm for an agent for American petroleum products and chemicals.

705(838)—An agent or representative is desired for electric sirens and signal devices manufactured by an Ohio company.

706(839)—A company in Miami, Florida, is desirous to market sharks' fins.

707(840)—A firm in Seattle, Washington, wants to secure sesame seeds for crushing purposes.

708(841)—A New York firm wants to enter into business relations with exporters of furs and skins.

709(842)—A market for power tools is being sought by a New York company.

710(843)—A firm in Ohio wants to place their safety belt hooks and safety belt lacers in hands of active distributing organization.

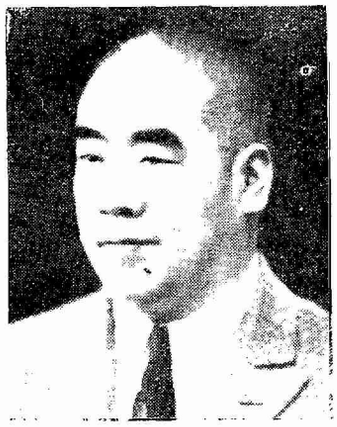
711(844)—A California company seeks representatives for cosmetics.

712(845)—A New York firm wishes to increase export market for electric refrigerators through representation by local firms.

713(846)—An agent for paint products is wanted by a Chicago company.

714(847)—The Los Angeles, Calif., representative of several leading American manufacturers of beauty parlor supplies and cosmetics wishes to form contacts with representatives for his lines here.

Who's Who in China



梁上棟
Liang Shang-tung

Major—General Liang Shang-Tung, Government official; born at Kuohsien, Shansi, 1888; educated in the University of Birmingham, England; served as counsellor to the Ministry of Communications; Secretary to the Ministry of War; Military Delegate to the Paris Peace Conference; represented China in the Permanent Advisory Commission for Military, Naval and Air Questions, League of Nations, Geneva; elected President of the 6th Session; Head of the Commission to take over Tsingtao from the Japanese; Chief of Social Affairs Bureau and acting Mayor of Peiping; Director of Commercial Department, Ministry of Industry; now member of Finance Committee, Ministry of Finance; address: c/o Ministry of Finance, Nanking.

陸軍中將梁上棟，山西崞縣人，現年四十八歲，英國伯明罕大學工科畢業。歷任交通部參事；陸軍部秘書；巴黎和平會議軍事委員；國際聯盟常設軍事顧問會中國代表第六屆大會會長；接收青島委員長；北平市社會局局長，兼代市長；膠濟鐵路局局長；實業部商業司司長等職；現任財政部財政整理會委員。

Kwangtung and Shansi Sign Barter Agreement

Following in line with the Chekiang-Kiangsi co-operation system to regulate production, Kwangtung and Shansi have signed a barter contract, whereby special products of the two province will be exchanged. Shansi, according to the agreement, will supply Kwangtung with coal, charcoal, cotton, woolens, furs, herb medicine, walnuts and wine while Kwangtung will supply Shansi with cane-sugar, silk, silk goods and manufactured goods. Barter agencies, are to be established in Canton and Taiyuan, capitals of Kwangtung and Shansi respectively, and special merchants will be designated to supply goods produced in their respective provinces.

A "Touch Of The Sun."

Many people at this time of year get what is commonly known as a "'touch of the sun", the outstanding feature of which is a blinding, devastating headache.

Whilst it is true that heat and glare are responsible is some considerable degree for these hot weather headaches, the fact that they do not atack everybody proves that the general condition of the health also has much to do with them; thin blood, faulty digestion and weak, ill-nourished nerves are predisposing causes.

So sufferers from summer headaches should give immediate thought to improving the condition of the blood, for in this way they will also strengthen the digestive processes and revitalize every fibre and nerve of the system.

One of the most important constituents of good, healthy blood is iron. Iron means health and vitality too! Modern foods often do not contain enough of this precious mineral hence the need for an iron tonic such as Dr. Williams' Pink Pills.

This remedy supplies iron in a form which your system readily and speedily assimilates. As your blood becomes enriched with this iron, your nerves and whole body are strengthened, headaches and other health troubles vanish, and you soon again enjoy abounding energy and robust health.

If you are feeling rundown, or are suffering from any of the consequences of impoverished blood, indigestion, nervous disorders, headaches, general debility, rheumatism, sciatica, women's ailments, do not delay, but begin a course of Dr. Williams' Pink Pills today, the 'iron tonic' which has stood the test of time! Sold by chemists everywhere.

The Only English Language Daily and Weekly Newspaper of Peiping.

The Peiping Chronicle

Presents news impartially and promptly, interprets current events in a sane and liberal spirit, and editorially supports progressive and constructive policies, and also serves as the best medium for advertising in North China.

Subscription Rates:

One month	Mex. $ 2.00
Six months	„ $11.00
One year	„ $20.00

(Postage extra)

The China Weekly Chronicle

A digest of the week's news concerning events and developments in China and in Chinese international relations, with editorial comment, special articles and review of books concerning China.

Subscription Rates:

Six months	Mex. $2.50
One year	„ $4.00

(Postage extra)

China Chronicle Series

Pamphlets of interest in China bearing the subjects of "Tibet under The Dalai Lama," "The New Life Movement," "Confucius and Present-Day China," "The Buddhist Cave Temples at Yun-Kang," "Guide to Peking," etc., etc., are on sale at:

THE PEIPING CHRONICLE

2, Mei Cha Hutung, Peiping, China

Teleg. Address: "Chronicle"

77-119

Men and Events

Jyun Fukui, secretary of the Tokyo Foreign Office, was appointed a Consul in Shanghai June 16.

Arata Sugihara, Japanese Consul in Shanghai, and Miss Hanya, formerly on the editorial staff of the *Yomiuri Shimbun*, were married in Shanghai June 11.

The Hankow Press Association at a plenary meeting held June 10, issued a circular telegram opposing the increase of the Japanese garrison in North China.

Russell Engdahl and Elvin Seibert, American Vice-Consuls, entertained their friends at a cocktail party at their quarters in the Development Building in Shanghai June 12.

The long-distance telephone service between Hangchow and Nanchang, capital cities of Chekiang and Kiangsi provinces respectively, was formally opened June 16.

The Nanking Municipal Government is seeking a $500,000 loan from the China Development Finance Corporation for the construction of a city-wide trolley tram system in the capital.

N. L. Smith, Secretary for Chinese Affairs at Hongkong, has been appointed Colonial Secretery. Mr. Smith succeeds Sir Thomas Southorn, who was recently appointed Governor of Gambia.

Current press reports that Dr. J. Heng Liu, Director of the National Health Administration, has resigned from his substantive and concurrent posts were vigorously denied in Nanking this week.

A ten-ft. motor-boat, to be named *Arabi*, for the use of the Japanese Consular Police, is being completed at the Kiangnan Dockyard here at a cost of $6,000. It will develop a speed of 12 knots.

The marriage of Miss Li P'an-mei, eldest daughter of Mr. and Mrs. K. Z. Li, to Chen Feng-nieh of the Chekiang Industrial Development Bank in Tientsin is scheduled to take place at Peiping, June 28.

S. Y. Euren of the Swedish Match Co., Ltd., sailed for the United States this week, where he will join his wife and children and thence go on to Sweden. He expects to return to Shanghai next autumn.

C. V. Starr departed for the United States this week on the s.s. *President Hoover* on a business trip connected with the United States Life Insurance Company and the American International Underwriters of New York.

According to the China Buddhist Association, China has more than 730,000 monks and nuns, excluding those in Szechuan, Honan, Kiangsi, Anhwei and Hunan provinces, whence no reports have yet been received.

An Art Photo Exhibition will be given in the Sun Company's building in Nanking road, Shanghai, from June 20 to June 29, open each day from 9 a.m. to 7 p.m. by Chen Chuan-lin and Dr. K. C. Lu Siefeng.

A straw bag containing six bombs was found in front of the entrance of the Dollar Lumber Co. yard in the Third Special Area in Tientsin on the night of June 9. The bag was taken to the Public Safety Bureau for Examination.

Frank Smothers, correspondent in the Far East for *The Chicago Daily News*, was in Shanghai for a few days last week on a trip through Central China. Mr. Smothers previously resided in Shanghai, but is now stationed in Peiping.

Tang Leang-li, Editor of the *People's Tribune* and former adviser to the Waichiaopu now on a studying mission abroad, delivered a lecture before the Berlin Political Academy June 11 on the results of the Chinese Government's recovery work during the past 10 years.

Achievements of Japanese graduates of Harvard University will be reported in detail for publication during the tricentennial celebrations of the founding of the institution in Cambridge, Mass., this autumn, the Harvard Club of Japan announced in Tokyo June 15.

The Board of Directors of the Sun Yat-sen Institute for the Advancement of Education and Culture held a meeting in Nanking, June 12. Among those present were Messrs. Sun Fo, J. Usang Ly, Cheng Hung-nien, Ma Chao-chun and Dr. H. H. Kung (represented by Tsou Lin).

The body of M. P. Riffaud, secretary-interpreter of the French Consulate at Kunming, who was missing since late May, was found on June 7 on the northern bank of the Yangchunghai Lake, about 25 kilometers southwest of Yunnanfu. An autopsy showed that Riffaud's death was caused by drowning.

"Wings Over The Golden Gate," "Flying Telephone" and "Sky Harbor," motion picture films showing dramatic phases of American industrial life, were shown to invited guests at the offices of the American Commercial Attache, 51 Canton Road, Shanghai, June 18, at 12:15 p.m., when a light luncheon was served.

Clifford A. Pickering, of Toledo, Ohio, was married to Miss A. Borontova, by Judge Milton J. Helmick in Shanghai June 12. Miss Borontova is the daughter of Mr. and Mrs. Stephen Borontova, formerly of Harbin, but now residents of Siberia. Mr. Pickering is a member of the Quarter-master Department, U.S.S. *Asheville*.

Honan University suspended class for one day June 9 in commemoration of the conveyance of the remains of the late Prof. Dillenz from Kaifeng (where he was found murdered) to Peiping. The remains of Dr. Dillenz, who was a German Professor at the University, were buried at Peiping of June 12, after a mass held at St. Michael's Church.

The foundation laying ceremony for the Jukong Wharf, east of the Shanghai Civic Center below Point Island, is scheduled to be held on June 20. Dr. H. H. Kung, Minister of Finance and Governor of the Central Bank of China, which finances the wharf project, will officiate at the ceremony. The construction of the new wharf is expected to be completed by the end of this year.

The Tsingtao Camp Committee of the Shanghai Foreign Y.M.C.A. is making an appeal for funds. The Camp at Tsingtao is maintained for Shanghai boys—about one hundred of them. The Camp Director this year will be Harold Brown, with three years' experience at the Camp of Detroit Y. and one at the Custer U. S. Army Camp. He is Physical Director of National Central University.

Announcement was made in London June 12 by Dr. John R. Mott, chairman of the International Missionary Council before the conference of British Missionary Societies, that Hangchow, capital of Cheking Province, China, has been selected instead of Kowloon, as the venue for the World Missionary Conference planned by the International Missionary Council to take place in the autumn of 1938. "The Universal Church in relation to the World Situation" will be the theme of the Hangchow conference.

Boies C. Hart, vice-president of the National City Bank of New York, in charge of all branches of the bank in the Far East, accompanied by Mrs. Hart, at present in North China, are expected to make their headquarters in Shanghai during the leave of absence of the assistant vice-president in charge of the branch of the National City Bank here. Mr. Hart intends to visit all countries in the Far East where the bank maintains branches and contemplates returning to New York via Europe.

Dr. S. M. Tao, one of China's leading women doctors, departed from Shanghai last week on a French steamer enroute to London to attend the Second International Congress for Microbiology, to be held next month. Dr. Tao will attend the Congress as official delegate of the National Health Administration in Nanking. Dr. Tao has been technical chief in charge of the preparation of vaccines and sums at the National Epidemic Prevention Bureau in Peiping with headquarters in Nanking and branches in Lanchow and Suiyuan.

The death occured at Soochow June 14 of Chang Pih-lin, noted Chinese philologist, at the age of 70. Aside from being one of the most distinguished scholars in Chinese literature and language, the late Mr. Chang was a pioneer revolutionary against the Manchu regime thirty years ago. He was the editor of the revolutionary paper *Su Pao* in Shanghai in 1903, and he will be long remembered for a series of revolutionary articles published in said paper, for which he was charged with lese majesty by the Manchu regime and imprisoned for years.

Dr. A. D. Stauffacher, Pastor of the Claremont, Calif., Community Church, passed through Shanghai early this week, on his way to Canton, where his son is studying at the Lingnan University on an exchange scholarship from Pomona College. While in the city, Dr. Stauffacher was the guest of Dr. Fong F. Sec, an alumnus of Pomona College, at a luncheon, attended by Messrs. C. L. Boynton, Mr. Kwang and M. Ginsbourg, alumni of the College. Dr. and Mrs. Stauffacher will continue their trip around the world after a brief stay in Canton. They will be joined by their other son in Berlin, where they will see the Oplymic Games.

Marking the departure of China's athletic delegation to the World Olympic Games at Berlin, a farewell reception was held at the Grand Theater in Shanghai June 14 under the patronage of General Wu Te-chen, Mayor of Greater Shanghai, and Lt.-Gen. H. Kriebel, German Consul-General at Shanghai. Leaving with China's delegation to the Olympic Meet will be two Chinese journalists and one photographer in the person of Feng Yu-chen, Chief of the Reporting Section of the *Central News Agency* in Nanking, Chang Ping, Editor of the Literary Supplement of the Nanking *Central Daily News*, and Lo Ku-sun, Head of the International News Photograph Service.

The Class of 1936 of Ginling College was entertained at tea June 6 by Madame Chiang Kai-shek at her home in Nanking. The students were accompanied by Dr. Chang Siao-sung, Chairman of the Executive Committee, and Mrs. Lawrence Thurston, President Emeritus, with a few other members of the faculty. Mrs. D. Y. Lin of the Ginling faculty and Mrs. Grace Zia Chu, former member of the Ginling faculty, assisted at the ceremony. Mrs. W. S. New of Shanghai was also a guest, and with her were Miss Li Dzoh-i of the Class of 1930, who has recently returned from America, and Miss Ong Hwei-lan of the Class of 1934 of Amoy and Java. Madame Chiang addressed the seniors informally.

Brig.-Gen. Aaron S. Daggett, the oldest living officer in the United States Army and a veteran of the Boxer campaign in China, was presented with two decorations, the Order of the Silver Star, and the Order of the Purple Heart, on the occasion of his 99th birthday, June 14.

V. Pinto, who conducted a small bank at 166 Nanking Road, Shanghai, was sentenced to 14 months imprisonment and a fine of 2,800 lira by Judge Rapex in the Italian Consular Court June 11, after being convicted of attempting to defraud an insurance company by robbing his own bank.

Lin Feng-chun, former Chief of the Military Judiciary of General Chu Yu-pu's Army, has been formally indicted for fraud in the High Court of Hopei Province. He was arrested by the Japanese Consular Police last year, after he allegedly used the name of the Tientsin Japanese Garrison to obtain funds

The 57th commencement exercises of St. John's University, Shanghai, will be held Saturday, June 20, at 5 p.m., when degrees will be conferred on graduates of the School of Medicine, School of Arts and Science, and School of Civil Engineering. Graduates of the Senior Middle School will have certificates presented to them at the same time.

The National Government recently conferred a gold medal on Walter Mallory, director of the Council of Foreign Relations, in recognition of his services in famine relief work in China. The medal, which is accompanied by a certificate, is being taken to Mr. Mallory by C. H. Lowe, director of the Shanghai Office of the C.I.F.R.C., at present enroute to the U.S.

Charles Harpur, Commissioner of Public Works in the Shanghai Municipal Council, in whose service he had been for 34 years, departed from Shanghai June 14 for England to live in retirement. The foreign staff of the Public Works Department gave a luncheon in his honor at the Metropole Hotel June 13. The members of the Municipal Council also entertained Mr. Harpur at a dinner at the Cathay Hotel June 11.

The forty-first annual commencement exercises of the University of Nanking were held June 15 in Sage Chapel, Dr. Y.G. Chen, President of the University, presiding. Degrees were conferred upon 26 graduates of the College of Arts, 38 graduates of the College of Science, and 51 graduates of the College of Agriculture. Diplomas were awarded to 12 students, who have been carrying on research studies in Chinese, 10 students in the Chinese short course, 49 graduates of the Rural Leaders' Training School, 50 graduates of the Senior Middle School and 51 graduates of the Junior Middle School: making a total of 287 students who received diplomas and degrees.

Diplomatic Conference Meets at Geneva to Examine Narcotic Traffic

Representatives of 38 member states of the League of Nations, including China and Siam, and of Japan and the United States among the nations not members of the League, are holding a diplomatic conference in Geneva this week, called to examine different suggestions for the suppression of illegal traffic in narcotics.

Hankow Bureau Registers 11,434 Opium Addicts

Since the Hankow Bureau of Public Safety took over the work in July last, a total of 11,434 opium addicts have registered for curative treatment and 2,012 have been cured.

Don't Experiment With Your Baby's Health.

The health of a child is too precious a thing to experiment with, yet almost all children occasionally have little health upsets, and at such times mothers are sometimes in a quandary as to what to do for the best. This does not apply, however, to those mothers who already know of the merits of Baby's Own Tablets, and in many homes all over the world this ideal health corrective for babies and young children has found a permanent place. Originated by

A MEDICAL CHILD-SPECIALIST

Baby's Own Tablets are warranted to contain no opiate or other harmful ingredients, and they may be given with equal safety to the infant in arms as well as to older children.

Pleasant in taste, and therefore easy to administer as the children like them, they dispel constipation, correct an upset stomach, check diarrhoea, immediately relieve colic, break up colds and croup, expel worms, and ease the pains of teething.

Keep Baby's Own Tablets in the home for the prompt correction of the little ones' health troubles and you will have a happy home. They are sold by chemists everywhere.

WHEN YOU THINK OF PAINT THINK OF CAMPBELL

PAINTS AND PAINT WORK

H. B. CAMPBELL

1481 Bubbling Well Road

Phone: 34360

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Permier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

Address orders to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII

Shanghai.

OLING

DISINFECTING FLUID

亞林防疫水臭

家庭團體 日常必需

防疫消毒 增進健康

五洲大藥房發行

International Dispensary Co., Ltd.

SHANGHAI

New Books of Interest in the Far East

What Japan in Crisis Is Like?

Japan in Crisis, by Harry Emerson Wildes. The MacMillan Company, New York, 1934. 300 pages, index. U.S. $2.00.

With her program of conquest steadily advancing toward a supreme climax and with a major conflict becoming increasingly imminent and inevitable in which Japan is certain to play a leading and provocative part "Japan in Crisis" should be read and re-read as a source book which furnishes the clue to a correct understanding of the hidden and conflicting forces which are impelling her to such seemingly contradictory and inexplicable actions.

In a cool-headed manner and a judicious spirit the author explains Japan's social and political difficulties. More than that he "investigates" into the personality of the Island Empire and at that he is remarkably successful. The author's best work, in the opinion of this reviewer, is contained in the first three chapters of the book which combine to give Japan a psychoanalysis that is at once trenchant and accurate.

"Eager for admiration, intolerant of the slightest criticism, wholly unable to see beyond the shores of her own island, Japan has rushed madly into operations for which her training and her resources have not fitted her." Do not these few words afford a penetrative analysis of the true character of Japan and do they not state concisely the fundamental and essential problem of the Land of the Rising Sun?

In elaborating his point the author continues: "Japan, in truly Oriental fashion, persists in the attempt to serve two masters simultaneously. She seeks to accept the new techniques without modifying her feudal attitude of mind. She hopes to reconcile an ultra-modernistic industry with reactionary philosophies. She rides rapidly in opposite directions . . . . Keeping, indeed intensifying, the old loyalties and the honored precepts of the past, they have attempted to apply them to Occidental practices. So long as life runs smoothly and with prosperity all is well; as soon as hardship comes the difficulties become complex. Two ways are open in such times for betterment. The harder is to readjust the economic structure of society. Agrarian reform to lift the feudal burdens from the people and to colonize in cold Hokkaido meets intense opposition. Proposals to reform the city economic life by fair taxation of the rich estates, by better factory laws, by cleaner politics and by far-reaching social changes tread upon too many toes. It is much easier to divert the discontent to other channels." But what are the other channels? Anti-foreignism and Conquest. The ruling Japanese military party know that domestic unrest can often be allayed by successful foreign wars and the home hostility may be transferred to hatred of the enemy.

After all, the most vulnerable aspect of the Japanese situation is domestic, and the sorest spot in the domestic situation is the deep-rooted and prevalent discontent among the rural population. According to the author's estimate, "Five and a half million families, living hand to mouth on a slim subsistence level, have been clamoring with increasing impatience for twenty years. Year after year the politicians promise some relief, but year after year the heavy financial drains caused by the Army budgets prevent an effective program of reform. The peasants are increasing in their restiveness . . . . News of 'Sure-Death Associations' and of bomb plots in the provinces failed to appear in large quantity until 1932, but terrorism has been constant thereafter. The discontent which the police officials term Communism and the assults upon the sanctity of private property are growing so vigorously that the penalty of death had to be imposed upon plots against the fundamental institutions of the state.

"Political agitation is of no avail, the peasants find. Either the expense of campaigning is too great or the hand of the provincial government is too heavy for farmer parties to make much headway. The farmers who compose the agrarian parties are much too poor to afford contributions for campaign expenses and the better financed parties can bribe and buy success more easily. All that remains for Japan's farmer folk, they feel rightly or wrongly, is some sort of resort to a more direct action. It is this which the Japanese authorities are bending every effort to resist. For if the farmer backbone of Japan is brokern, then the Empire can no longer manage to endure."

The lot of the Japanese laborers is hardly any better. Underpaid and overworked, given atrocious conditions and debarred under police regulations to gain improvements, the laborer seems hopeless. Yet, at any time, labor may rise angrily and demand consideration.

Complaints against the laborer's lot are frowned upon as being prompted by Communist sympathy. Yokohama cafe girls who objected in 1934 that their average wage was less than fifteen yen a month and that many of them were not paid at all but were expected, out of their tips, to pay a "dosen" of from three to nine yen monthly to the proprietor, were charged with harboring dangerous thoughts.

Thus, continues, the author, "A Communist in Japan is anyone who seeks to change the constitution of the nation. So also are all Koreans and Formosans who seek independence, all labor leader who stir up strikes, all students who peruse Karl Marx. And so is anyone, no matter on what continent he may reside who gives food, shelter and encouragement to any of these Communists.

"For Japan is trembling at the menace of red revolution. She sees the hand of Stalin in each unpleasant action in Japan. Any criticism, any innovation, any sign of unrest or dissatisfaction is put down to Bolshevist intrigue. Japan is jittery with fear.

"Within the past three years more than 24,000 Reds have been arrested in Japan, in wholesale raids that are both more wide-spread and more frequent than in years gone by. Sons and daughters of millionaires, of members of House of Peers, college professors, judges, writers and lawyers have been caught in the drag-nets that are drawn to snare the radicals. Even the Navy is found permeated with Red loctrine. The princely house of Iwakura, among the oldest and most socially registered of Japanese aristocracy, contributed a daughter to the Communists. The discovery was so shocking that her brother resigned his post in the Imperial Household and the girl herself committed suicide rather than endure the shame of her association.

"Not all these 24,000 Communists were plotting revolution it is true. Some were nurses, from five hospitals, striking to receive more than 1.20 yen pay for a twelve-hour day. Forty-five were chorus girls, engaged in a 'peach-colored controversy' to get better conditions in their dressing rooms. Two hundred more were primary school teachers, in sixty-six schools, accused of 'studying philosophy' and of seeking to give modern interpretation to the curious myths that pass for formal history in Japan. Twenty were lawyers who had been willing to undertake the legal defense of those arrested for promoting Communism. Two were university professors who had contributed small amounts of funds to help radical candidates seek legal election to the Diet. One, at least, was a foreigner, Professor William M. Bickerton of New Zealand, arrested for giving $150 to the Communist cause. For three weeks during March, 1934, he was held incommunicado for police examination. But the great bulk of the suspects roped in by the raids are not nurses, teachers or chorus girls. These are included as Communists only because the anti-Communist laws are so drawn that any departure from the established ways partakes of radicalism."

Of particular interest and concern to Chinese readers should be the chapters on Japan's iron rule in Korea and Formosa, for as the author points out, "the Manchukuoan and Mongolian developments will be almost precisely similar to those of Formosa and that the policy to be followed in North China, assuming Japanese success, will be almost identical with what was done in Korea. The two colonies, Formosa and Korea, are experimental laboratories for trying out new methods of administration.

"No history repeats itself in all details, for minor incidents are often sufficient to modify the program, but Korea offers so close a parallel to China and Formosa to the Man-Mon area that it is doubtful whether a literally-minded Japanese, trained to follow precedent and drilled to doubt his own intiative, would venture to strike out along new lines. The student of history who sees a parallel, however remote, between the 'untamed savages,' of Formosa and the bandit bands of Manchukuo and the riding raiders of Mongolia, can fortell exactly what Japan will next attempt. True, the electric-charged guard line can scarcely be applied to the Manchukuoan plains or to the fast reaches of a steppe-like region, nor will the Man-Mon people be regarded as quite so depraved and primitive as are the nine Formosan tribes. But the same punitive expeditions, the same uncontrolled killing of recalcitrants, the same generous grants, such as the 50,000 acres of plantation land alloted to a Tokyo banker, may be confidently anticipated . . .

"North China history will resemble that of Korea, not in every last detail but in its general outline. But here Japan will find a real advantage working in her favor. In dealing with an alien people of Chinese extraction, Japan has always employed her opium monopolies to advantage. Even when she controlled Vladivostok for a space in the days when she was fighting Bolshevism, Japan set up an Opium Monopoly. A similar bureau operates in Dairen and yet another in Hsinking, the Manchukuoan capital. There is no doubt, whatever, but that Formosan opium will be widely used to debauch the population of North China if the supply from the poppy fields near Jehol prove insufficient for the purpose. Opium has been one of Japan's most deadly weapons of conquest."

But what sort of a future confronts Japan? War? The author's answer is: "Almost without a doubt." He proceeds: "Japan has no other recourse if she would remain alive. Not that her existence as an independent nation is menaced in the least, nor that her freedom is threatened, for neither is the case. But her position is unstable, her social and economic life rest on foundations too insecure to give support to the vast framework of her Empire. So long as Japan keeps rapidly in motion, her safety is preserved; so soon as her full weight bears upon one spot the thin support breaks through.

"Japan avoids disaster by diverting the attention of her restless and discontented people into safer interests. The glory of advancing arms, of new peoples brought beneath the yoke, of spoils from overseas provides a stimulation to endure the domestic ills a moment longer. Japan averts a reckoning by the frantic use of what might be termed a social oxygen devised to keep the patient living through a grave emergency.

"A better and more permanently efficient remedy would be, of course, to undertake a sweeping reformation that would prevent the evils from occurring, but of this the Japanese have but a hazy thought. Their pride, perhaps, their ignorance, prevents a recognition that the nation has been living much beyond its natural resources. Confession of failure, retracing of steps, acceptance of radically different plans, are not probable among a people in whom face-saving is a ruling passino. Both great parties have been supporters of the policy that has led Japan to disaster's brink, neither party now can advocate a turning back . . . . Failing a complete volte face, Japan must press on by stronger doses of glory. Annexing Manchukuo is not enough, adding new lands in China and Mongolia has lost its keenest flavor. Japan wants novelty, and craves excitement. Only an electric thrill can now distract the people from domestic difficulties.

"Russia, obviously, provides the best excuse. Japan's relentless march from Mukden to Harbin and westward toward Lake Dailanor and Urga brings growlings from the Russian Bear. Dai Nihon's patriotic pride is pleased that a doughty people like themselves can wrench vast fertile fields away from a colossus several times the size of small Japan. There is the added thrill that these Russian Reds are sworn enemies to the social system of the Japanese and that Dai Nihon is warring for the rights of all the world against a much feared menace. So long as Japan is striding onward and the Russians are retreating, there is safety for the Tokyo bureaucrats.

"Whether Russia can afford to fight presents the key to Japan's future. If the Soviets stand and resist, if Russian armies are sufficiently equipped to carry on a long, exhaustive warfare, if hammer blows can break down the Japanese defenses, Dai Nihon's doom is sealed. For, should the Russians win or even should they hold Japan to a standstill, the myth of Japan's prowess will be ended. The stimulation on which the outworn social system lives will be withdrawn. The masses will appreciate that there is no real hope of their relief at any reasonably quick date.

"Hence the present tension in the Orient. Japan is fairly well convinced that she must move forward or be engulfed in social chaos. Russia realized that to yield today means only to face a more intense demand tomorrow at a point further west and further north. The only question in the mind of each is, whether it is better strategy to raise the issue now or to delay until preparations are more completely made."

The other alternative which the author sees for Japan is internal revolution which if occurring in time may head off a catastrohpic war for Japan but which is bound to occur anyway following Japan's defeat in a major conflict with some great power, say, a conflict with Soviet Russia or the United States.

Such then is the gloomy prospect for Japan, such then is Japan's crisis.

Interestingly written and authentically documented, "Japan in Crisis" is extremely worth reading particularly by those who are eager to know what is behind the scene in that Island Empire. The book exposes the real Japan as she is and not the Japan as her spokemen and propagandists want the world to see her through their colored glasses.

H. S. L.

Peiping, China, June 4, 1936.

A Translation from Lao Tzu's "Tao Teh King"

C. M. Faure, who lives at Hongkong, has written to *The Review* giving the following translation as being the correct version from a book review in *The Review* May 30, page 479, signed "G. B. S." The translation from Lao Tzu's "Tao Teh King" should read:

"The reverse is the activity of Tao,
The weakness is the use of Tao;
The nature of the Universe was born of substantial matter,
The substantial matter was born of nothing."

Mr. Faure comments in this connection, "The meaning is evidently cryptic, but that is exactly what it is meant to be . . . . "

Literary Notes

A correspondent in Java calls attention to the fact that the *Hua Chiao Tsing Nien Hui*, mentioned in the Literary Notes of *The Review* May 16 is the name of the official organ of the association of the Chinese youth in Netherlands India, and is quite different from the Chinese Y. M. C. A., having nothing to do with Christianity or other religions.

The Income Production Department of the China International Famine Relief Commission, whose offices are at 505 Honan Road, Shanghai, and the chief of which is C. H. Lowe, has issued a 28-page pamphlet with the title, "What C. I. F. R. C. Means." These initials stand for China International Famine Relief Commission and the pamphlet is intended as a handbook for workers who are soliciting financial support from the public for the Commission.

For Views and Opinion

Please Read

The China Critic

The Oldest Chinese Owned and Edited English Weekly

founded in May, 1928

For it will afford you the true thoughts and opinions of China's leaders that the foreign newspapers are seldom to give.

THE LITTLE CRITIC

edited by

Dr. Lin Yutang

The world renowned writer and humorist gives criticism on various interesting topics in a lighter vein, that will make the reader both smile and think.

SUBSCRIPTION RATES

CHINA: $7.00 a year, $4.00 6 months

FOREIGN: G$5.00 a year, G$3.00 6 months

Postage Included

THE CHINA CRITIC
749 Bubbling Well Road,
Shanghai, China.

Dear Sirs,
Please enter my subscription for ..... year against my remittance of $..... herewith.

Name .....

Address .....

The China Critic Publishing Co.

749 Bubbling Well Road

Shanghai, China

Telephone 33627

77-123

Alfred M. Landon of Kansas Chosen as Republican Candidate

Alfred M. Landon, Governor of Kansas, was unanimously chosen as the Republican candidate for President of the UnitedStates, on the second ballot, at the convention held in Cleveland, June 11. On the first ballot, Senator Borah from Idaho, had received 19 votes. There was no really serious opposition to Mr. Landon's candidacy at any time.

The platform as adopted contains the following main planks :— Return relief expenditure to state control; repeal the Federal Social Security Act, for which state social security acts would be substituted; balance the Budget by curtailing expenditures rather than by new taxes; stamp out monopoly; extend the civil service system; a farm program based on "economy of plenty rather than scarcity," with benefit payments to farmers; repeal of the New Deal Reciprocal Trade Agreement Act of 1934 and restoration of the principle of flexible tariff; protect the right of labor to organize and bargain collectively; sound currency to be preserved at all costs and no further devaluation of the dollar; use every effort to collect war debts.

Just before the adoption of the platform Ex-President Hoover had telegraphed a request for the inclusion of a gold standard plank, but this was refused. Hoover later announced that he will wage an aggressive campaign in support of Landon.

In an address at the Cleveland Convention June 10, Ex-President Hoover in the course of a vigorous speech, criticizing President Roosevelt's policies, said : "To some, the New Deal appears as a strange interlude in American history in that it has no philosophy and depends sheerly on opportunism, emotional economics, and greed for power and publicity. To others, it appears as a cold-blooded attempt by starry-eyed boys to infect Americans with a mixture of European ideas flavored with the native predilection to get something for nothing."

Colonel Frank Knox, publisher of the *Chicago Daily News*, was chosen for Vice-President June 13.

President Roosevelt is at present touring the South-West. In a speech at Little Rock, Ark., June 10, he promised the attainment of the objectives of the New Deal within the meaning of the Constitution, which he hailed as "the best instrument ever devised for the continuation of the fundamental principles of government." The new Deal, he said, would continue to fight for equal opportunity and protection of the common man's rights.

New Deal Is Rebuffed—1934 Bankruptcy Act Held Unconstitutional

A rebuff was dealt the New Deal May 25 by the United States Supreme Court in two decisions of major importance. The Court held the Municipal Bankruptcy Act of 1934 unconstitutional and also condemned certain actions of the Assistant Secretary of Agriculture, Dr. Rexford G. Tugwell. In a third decision, however, the Court, by implication, held that foreign holders of gold in United States banks at the time that the Gold Reserve Act was enacted were obliged to surrender their metal to the Government.

Commodity Exchange Control Bill Is Passed by U.S. Senate

The U.S. Commodity Exchange Control Bill, which aims at Federal regulation of trading in commodities, was passed in the Senate May 29 day by 60 votes to 16, after Senator D. Smith had formally withdrawn his amendments in connection with the control of cotton trading. The measure broadens Federal regulatory powers over commodity exchanges and would amend the Grain Futures Act of 1922 to add cotton, rice, mill-feeds, butter, eggs and Irish potatoes to the list, which already includes corn, wheat. rye, oats, barley, flaxseed, grain and sorghums. Administration of the bill is in the hands of the Commodity Exchange Commission, which will have the power of fixing of limits for future trading in commodities in order to prevent excessive speculation.

T.V.A. Act Again Challenged—Southern Power Companies File New Suit

Nineteen power companies operating in the southern states May 29 filed a new suit in the United States District Court in Birmingham, against the Tennessee Valley Act, which was recently upheld by the United States Supreme Court in the Wilson Dam case. The new suit declares that the Tennessee Valley Authority is in direct, unfair and unconstitutional competition with private business.

Eugene Grace Re-Elected President of Iron and Steel Institute

Eugene C. Grace, president of the Bethlehem Steel Corporation, was re-elected president of the Iron and Steel Institute, organization of the major steel producers of America, May 28. Speaking at the annual convention of the Institute Mr. Grace said that the most serious problem confronting business to-day is the attempt of the Government to exercise political control over "our economic lives."

Demand Made for Investigation of U.S. Seamen's Charges

A "fair and impartial investigation" into the allegations of striking New York seamen that the safety-at-sea rules have been violated was demanded in the House of Representatives May 28 by Vito Marcantonio, progressive Republican of New York. He called on the Department of Commerce to make the inquiry. In a recent interview at Washington, a delegation of seamen told the Secretary of Commerce, Daniel C. Roper, that certificates of able-bodied seamen were openly bought and sold, that crews were unversed in the handling of life-boats, and that life-boat equipment was in many cases unworkable.

U.S. Communists Seek Fusion with Socialists

Earl Browder, secretary of the American Communist Party, in a radio address at Cleveland, May 27 renewed his plea for a united front of Socialists and Communists in the November elections.

United States Announces Countervailing Duties Against 10 German Products

The imposition of countervailing duties, ranging from 22.5 to 56 per cent, against 10 German products was announced June 4 by Henry Morgenthau, Secretary of the Treasury. This action, was taken so as to offset Government subsidies granted to foreign exporters.

Frank Murphy to Run for Governor of Michigan?

Frank Murphy, U.S. High Commissioner in the Philippines, at present on leave, is prominently mentioned as a candidate for Governor of the State of Michigan.

U. S. June Financing Operations an Unprecedented Success

Financing operations of the U.S. Treasury in June were an unprecedentend success, according to a statement made June 4 by Henry Morgenthau, Secretary of Treasury. Applications for 90 per cent of two note issues totalling $1,000,000,000 were received, of which 93 per cent was in respect of conversion into bonds.

Gen. Douglas MacArthur Launches 30-Year Military Program in the Philippines

A 30-year program designed to make the Philippines almost impregnable from the military viewpoint has been launched in Manila by General Douglas MacArthur, military adviser to President Manuel L. Quezon. General MacArther has expressed the opinion that military prepardness by the Philippines, "will be a mighty important contributing factor toward the peace of the Pacific and of the world."

Do You Eat Too Much?

Many people do. If you are conscious of having eaten too heartily, just take one Pinkette after the meal, and your sense of over-fulness will subside.

To aid digestion, dispel constipation, correct liverishness, and banish bilious attacks and sick headaches, there is nothing better than Pinkettes. Gentle and thoroughly efficient in action these dainty laxative liver pills likewise purify the breath clear the skin, relieve piles.

Obtainable at chemists everywhere.

PINKETTES

AID DIGESTION, KEEP YOU WELL.

Coca-Cola

WATSON'S MINERAL WATER CO.

368 Kiangse Road Telephone 19440

A.B.C. PRESS, SHANGHAI

Printing

in all its Branches

Your work should bear our imprint

The National City Bank of New York, Rates of Exchange

Shanghai, June 17, 1936

Demand selling rate on America :	U.S. $1.00=Sh. $ 3.34
Demand buying rate on America :	U.S. $1.00=Sh. $ 3.29
Demand selling rate on London :	£1.0.0=Sh. $16.84
Demand buying rate on Londod :	£1.0.0=Sh. $16 59